

MusclePharm Corp
Form DEF 14A
May 13, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

MusclePharm Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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May 13, 2016

Dear Fellow MusclePharm Shareholders,

When I last wrote you in December, I said I was very bullish about my investment in MusclePharm's future. Many events have happened since then to reinforce my original enthusiasm for the Company and for the brand. In the last six months, we have strengthened the health of the business, and are committed to continuing to drive growth in the Company's financials as well as the brand.

In 2016, we demonstrated positive momentum yet again:

Revenue was \$42.9 million for the first quarter;

Operating Expenses decreased \$2.6 million sequential quarter-over-quarter; and

Entered into a definitive agreement for the sale of our wholly-owned subsidiary, BioZone Laboratories, Inc. (BioZone).

Although we have improved financial results for the past two quarters, we are not going to slow down to celebrate. Management is focused on executing our strategy to grow MusclePharm's award-winning family of brands and expand markets and product offerings to meet the expectations of both the serious fitness enthusiast and the casual weekend warrior.

We also continue to restructure our operations to allow for growth and profitability in 2016 and beyond. We grew the health of the business by rationalizing SKUs and decreasing overhead spending, without sacrificing customer service, which was one of my top priorities. We also saw significant improvement in fulfillment rates due to the reduction in SKUs and aligning inventory levels with customer demand.

As I previously discussed, I have identified supply chain issues as one of our primary challenges, and we are working on measures to address this critical area. We continue to target improvement in fill rates from our current run rate, which we believe would provide a significant incremental addition to operating income.

The agreement for the sale of BioZone goes a long way toward my goal of focusing the organization on sales and marketing, allowing us to concentrate on our core competencies while leaving other aspects of the business to strategic partners or outside parties who can bring more expertise to other areas.

At MusclePharm, we exist to serve athletes of all kinds and ensure the products we provide are safe, effective and support their goals to push harder and be the best. Our success is determined by our ability to innovate, inspire and exceed athlete expectations. In recent months, we introduced many innovative products that expanded business: 100% whey, flavor additions to the successful Combat Crunch Bar, and MusclePharm Pro-Gels.

We have many challenges ahead, but we believe we have the plans, expertise, and strategies to overcome them and continue to enhance shareholder value.

Sincerely yours,

/s/ Ryan Drexler

Ryan Drexler

*Interim Chief Executive Officer and Interim
President*

Denver, Colorado

May 13, 2016

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MusclePharm Corporation

4721 Ironton Street

Denver, CO 80239

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 27, 2016

The Annual Meeting of the Stockholders of MusclePharm Corporation (the Company) will be held on June 27, 2016 at 11:00 a.m. Mountain Daylight Time, at MusclePharm Corporation, 4721 Ironton Street, Denver, CO, 80239, for the following purposes:

To elect four (4) members of the Board of Directors to hold office until the next annual meeting or until their successors are duly elected and qualified;

To ratify the appointment of EKS&H LLLP as the Independent Registered Public Accounting Firm of the Company for our fiscal year ending December 31, 2016;

To hold an advisory vote on executive compensation;

To hold an advisory vote on the frequency of the advisory vote on executive compensation; and

To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors recommends that you vote FOR all of the proposed agenda items disclosed herein.

These items of business are more fully described in the proxy statement accompanying this notice. The Board of Directors has fixed the close of business on May 11, 2016 as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Annual Meeting of Stockholders, or at any adjournments of the Annual Meeting of Stockholders.

In order to ensure your representation at the Annual Meeting of Stockholders, you are requested to submit your proxy by mail. If you attend the Annual Meeting of Stockholders and file with the Corporate Secretary of the Company an instrument revoking your proxy or a duly executed proxy bearing a later date, your proxy will not be used.

All stockholders are cordially invited to attend the Annual Meeting of Stockholders.

By Order of the Board of Directors

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MusclePharm Corporation

/s/ Ryan Drexler

Ryan Drexler

Chairman of the Board of Directors

Denver, CO

May 13, 2016

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MusclePharm Corporation

4721 Ironton Street

Denver, CO 80239

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

June 27, 2016

INFORMATION CONCERNING SOLICITATION AND VOTING

General

This proxy statement is furnished in connection with the solicitation of proxies for use prior to or at the Annual Meeting of Stockholders (the Annual Meeting) of MusclePharm Corporation (together with its subsidiaries, herein referred to as the Company), a Nevada corporation, to be held at 11:00 a.m. Mountain Daylight Time on June 27, 2016 and at any adjournments or postponements thereof for the following purposes:

To elect four (4) members of the Board of Directors to hold office until the next annual meeting or until their successors are duly elected and qualified;

To ratify the appointment of EKS&H LLLP as the Independent Registered Public Accounting Firm of the Company for our fiscal year ending December 31, 2016;

To hold an advisory vote on executive compensation;

To hold an advisory vote on the frequency of the advisory vote on executive compensation; and

To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

We made this proxy statement and accompanying form of proxy available to stockholders beginning on May 13, 2016.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on June 27, 2016:

This proxy statement, form of proxy and the Company's 2015 Annual Report on Form 10-K are available electronically at our website at www.musclepharmcorp.com.

Solicitation

This solicitation is made on behalf of our Board of Directors. The Company will bear the costs of preparing, mailing, and other costs of the proxy solicitation made by our Board of Directors. Certain of our officers and employees may solicit the submission of proxies authorizing the voting of shares in accordance with the Board of Directors recommendations. Such solicitations may be made by telephone, facsimile transmission or personal solicitation. No additional compensation will be paid to such officers, directors or regular employees for such services. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in sending proxy material to stockholders.

Voting Rights and Outstanding Shares

Only holders of record of our common stock as of the close of business on May 11, 2016 are entitled to receive notice of, and to vote at, the Annual Meeting. The outstanding common stock constitutes the only class of our

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securities entitled to vote at the Annual Meeting, and each holder of common stock shall be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting. At the close of business on May 11, 2016, there were 13,634,680 shares of common stock issued and outstanding, which were held by approximately 341 holders of record.

A quorum of stockholders is necessary to take action at the Annual Meeting. Stockholders representing a majority of the outstanding shares of our common stock present in person or represented by proxy will constitute a quorum. We will appoint an election inspector for the meeting to determine whether or not a quorum is present and to tabulate votes cast by proxy or in person at the Annual Meeting.

We have adopted a plurality vote standard for director elections.

All other proposals require the affirmative vote of holders of a majority of outstanding shares present in person or by proxy and entitled to vote at the Annual Meeting. Abstentions have the same effect as negative votes on such proposals. Broker non-votes are not counted for any purpose in determining whether proposals have been approved.

Voting by Proxy by Mail

Stockholders whose shares are registered in their own names may vote by proxy by mail. Instructions for voting by proxy by mail are set forth on the Notice of Proxy Materials mailed to you, or on the proxy card mailed to you if you chose to receive materials by mail.

If you sign and return a proxy card by mail but do not give voting instructions, your shares will be voted (1) FOR ALL of the four (4) nominees named in Proposal No. 1 in this proxy statement; (2) FOR the ratification of the appointment of EKS&H LLLP as the Independent Registered Public Accounting Firm for the Company for the fiscal year ending December 31, 2016; (3) FOR the approval of compensation of our named executive officers (NEOs) as disclosed in this proxy statement; and (4) as the proxy holders deem advisable, in their discretion, on other matters that may properly come before the Annual Meeting.

If your shares are held in street name, the voting instruction form sent to you by your broker, bank or other nominee should indicate whether the institution has a process for beneficial holders to provide voting instructions over the Internet or by telephone. A number of banks and brokerage firms participate in a program that permits stockholders whose shares are held in street name to direct their vote over the Internet or by telephone. If your bank or brokerage firm gives you this opportunity, the voting instructions from the bank or brokerage firm that accompany this proxy statement will tell you how to use the Internet or telephone to direct the vote of shares held in your account. If your voting instruction form does not include Internet or telephone information, please complete and return the voting instruction form in the self-addressed, postage-paid envelope provided by your broker. Stockholders who vote by proxy over the Internet or by telephone need not return a proxy card or voting instruction form by mail, but may incur costs, such as usage charges, from telephone companies or Internet service providers.

Voting in Person at the Annual Meeting

If you plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the Annual Meeting. Please note, however, that if your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, and you wish to vote at the Annual Meeting, you must bring to the Annual Meeting a legal proxy from the broker, bank or other nominee who is the record holder of the shares, authorizing you to vote at the Annual Meeting.

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Revocability of Proxies

Any proxy may be revoked at any time before it is exercised by filing with the Company's Corporate Secretary an instrument revoking it or by submitting prior to the time of the Annual Meeting a duly executed proxy bearing a later date. Stockholders who have executed and returned a proxy and who then attend the Annual Meeting and desire to vote in person are requested to so notify the Corporate Secretary in writing prior to the time of the Annual Meeting. We request that all such written notices of revocation to the Company be addressed to Corporate Secretary, MusclePharm Corporation, at the address of our principal executive offices at 4721 Ironton Street, Denver, CO 80239. Our telephone number is (720) 399-7351.

Stockholder Proposals to be Presented at the Next Annual Meeting

Any stockholder who meets the requirements of the proxy rules under the Securities Exchange Act of 1934, as amended (the Exchange Act), may submit to the Board of Directors proposals to be presented at the 2017 annual meeting. Such proposals must comply with the requirements of Rule 14a-8 under the Exchange Act. To be timely, a stockholder's notice of a proposal must be submitted in writing by notice delivered or mailed by first-class United States mail, postage prepaid, to our Corporate Secretary at our principal executive offices at the address set forth above no earlier than February 22, 2017 and no later than March 24, 2017 in order to be considered for inclusion in the proxy materials to be disseminated by the Board of Directors for such annual meeting.

The chairman of the meeting may refuse to acknowledge the introduction of any stockholder proposal if it is not made in compliance with the applicable notice provisions.

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The following table provides information regarding our executive officers and directors as of April 29, 2016. The names of our directors and executive officers, their ages as of April 29, 2016 and certain other information about them are set forth below. There are no family relationships among any of our directors or executive officers.

Name	Age	Position
Ryan Drexler	45	Interim Chief Executive Officer, Interim President and Chairman of the Board of Directors
John Price	46	Chief Financial Officer
Michael Doron	55	Director
William Bush	51	Director
Stacey Jenkins	41	Director
Noel Thompson	35	Director
Richard Estalella	54	Director

RYAN DREXLER**INTERIM CHIEF EXECUTIVE OFFICER, INTERIM PRESIDENT, AND CHAIRMAN OF THE BOARD OF DIRECTORS**

Ryan Drexler was appointed to serve as our interim chief executive officer, interim President and chairman of the Board of Directors on March 15, 2016 and was designated as our interim Principal Executive Officer. Mr. Drexler has served as chairman of our Board of Directors since August 26, 2015 and will continue to serve as the chairman of the board of directors while the Company conducts a search for a new full-time chief executive officer and president. Mr. Drexler is currently the chief executive officer of Consac, LLC (Consac), a privately held firm that invests in the securities of publicly traded and venture-stage companies. Previously, Mr. Drexler served as President of Country Life Vitamins, a family owned nutritional supplements and natural products company he joined in 1993. In addition to developing strategic objectives and overseeing acquisitions for Country Life, Mr. Drexler created new brands that include the BioChem family of sports and fitness nutrition products. Mr. Drexler negotiated and led the process which resulted in the sale of Country Life in 2007 to the Japanese conglomerate Kikkoman Corp. Mr. Drexler graduated from Northeastern University, where he earned a BA in political science. Because of his experience in running and developing nutritional supplement companies, we believe that Mr. Drexler is well qualified to serve on our board of directors.

JOHN PRICE**CHIEF FINANCIAL OFFICER**

John Price was appointed as our chief financial officer on March 5, 2015 and was designated as our Principal Financial Officer. Mr. Price had previously served as our executive vice president of finance. Prior to joining MusclePharm, Mr. Price served as vice president of finance North America at Opera Software, a Norwegian public company focused on digital advertising. From 2011 to 2013, he served as vice president of finance and corporate controller GCT Semiconductor. From 2004 to 2011, Mr. Price served in various roles at Tessera Technologies including VP of Finance & Corporate Controller when Mr. Price left the company. During his tenure at Tessera Technologies, Mr. Price developed the world-wide finance and accounting organization, integrated multiple domestic and international acquisitions, implemented accounting systems, and managed corporate compliance and SEC

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reporting. Prior to Tessera Technologies, Mr. Price served various roles at Ernst & Young LLP. Mr. Price served nearly three years in the San Jose, California office and nearly five years in the Pittsburgh, Pennsylvania office. Mr. Price has been a certified public accountant (currently inactive) since 2000 and attended Pennsylvania State University, where he earned a Bachelor's of Science Degree in Accounting.

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MICHAEL DORON

DIRECTOR

Michael Doron has served on our Board of Directors as an independent director since November 5, 2012, and currently serves as the Lead Director of the Board of Directors, responsible for leading the independent directors and providing direct input to management. Mr. Doron also serves as the chair of the Compensation Committee and member of both the Audit Committee and the Nominating & Corporate Governance Committee. He has extensive corporate finance and business development experiences in both executive and board level positions with private and public companies. Two years ago, Mr. Doron moved to Stockholm, Sweden, and shortly thereafter co-founded Alta Nordic Advisors. Alta Nordic offers its clients a sophisticated international practice with a particular concentration of experience and skill related to capital markets and financing methods. Previously, from 2008 through 2013, Mr. Doron was Co-Founder and a Partner in DDR & Associates and Evolution Capital. DDR & Associates is a business development company specializing in pre-IPO companies that are committed to and capable of becoming public and traded on one of the three national stock exchanges. DDR & Associates provided the legal work, management incubation, and public market experience necessary to enable private companies to transition into a fully exchange-qualified listing in a cohesive, smooth process. Evolution Capital invested in early stage publicly traded companies. Both companies have been in continuous operations since their co-inception by Mr. Doron in 2008. Mr. Doron currently serves on the Board of Directors of Next Graphite, Inc. (OTC: GPNE) a development stage mineral exploration company and has been a director since April 2014. Because of his significant experience in corporate finance and business development, we believe that Mr. Doron is well qualified to serve on our Board of Directors.

WILLIAM BUSH

DIRECTOR

William Bush has served on our Board of Directors as an independent director since May 2015 and serves as the chair of the Audit Committee and a member of the Compensation Committee. Since January 2010, Mr. Bush has served as the chief financial officer of Borrego Solar Systems, Inc., which is one of the nation's leading financiers, designers and installers of commercial and industrial grid-connected solar systems. From October 2008 to December 2009, Mr. Bush served as the chief financial officer of Solar Semiconductor, Ltd., a private vertically integrated manufacturer and distributor of photovoltaic modules and systems targeted for use in industrial, commercial and residential applications, with operations in India helping it reach \$100 million in sales in its first 15 months of operation. Prior to that, Mr. Bush served as chief financial officer and corporate controller for a number of high growth software and online media companies as well as being one of the founding members of Buzzsaw.com, Inc., a spinoff of Autodesk, Inc. Prior to his work at Buzzsaw.com, Mr. Bush served as corporate controller for Autodesk, Inc. (NasdaqGM: ADSK), the fourth largest software applications company in the world. His prior experience includes seven years in public accounting with Ernst & Young LLP and PricewaterhouseCoopers. Mr. Bush holds a B.S. degree in Business Administration from U.C. Berkeley and is a certified public accountant (currently inactive). Mr. Bush currently serves on the Board of Directors of Towerstream Corporation (NASDAQ: TWER), a fixed wireless provider, and has been a director since 2007. Because of his significant experience in finance, we believe that Mr. Bush is well qualified to serve on our Board of Directors.

STACEY JENKINS

DIRECTOR

Stacey Jenkins has served on our Board of Directors as an independent director since May 2015. He also serves as the chairman of our Nominating & Corporate Governance Committee, and as a member of our Audit Committee. He is a licensed attorney with extensive background in commercial contracts, securities and general corporate law. For the past two years, Mr. Jenkins has served as a senior in-house attorney with Medicity, Inc., a wholly owned subsidiary of Aetna Life Insurance Company, where he focuses on contract negotiation,

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technology licensing, privacy and other regulatory matters. Prior to joining Medicity, Mr. Jenkins focused on his private practice, providing general corporate legal services, securities guidance, human resources consulting and litigation support for a range of corporate and individual clients. Prior to this period of solo practice, Mr. Jenkins was Regulatory Counsel for Teleperformance USA, a market leader of inbound and outbound teleservices, where he focused on privacy, security, telecommunications and human resources matters. Prior to his employment with Teleperformance, Mr. Jenkins served as general counsel for Opinionology Inc. (FKA Western Wats Center, Inc.), an online global data collection and survey company, where he focused on contract negotiation, telecommunications regulatory matters and complex HR issues. Additionally, he helped prepare and guide Opinionology through its merger with Sampling International. Prior to joining Opinionology, Mr. Jenkins developed his own legal private practice and consultancy, providing corporate guidance and oversight, as well as technology assistance to companies. Prior to his private practice, Mr. Jenkins managed IT infrastructure for Moen Faucets. Mr. Jenkins received his law degree from the University of Utah SJ Quinney College of Law, and attended college at Montana State University. Because of his experience with growth companies and corporate governance, we believe that Mr. Jenkins is well qualified to serve on our Board of Directors.

NOEL THOMPSON

DIRECTOR

Noel Thompson has served on our Board of Directors as an independent director since May 2015 and serves as a member of the Compensation Committee. Currently Mr. Thompson serves as the chief executive officer and chief investment officer of Thompson Global LLC, and owner and operator of Thompson Global LP, which is engaged in investment and advisory services of client and proprietary assets. Mr. Thompson also currently operates Thompson Global Sports which provides advisory, financing, and consulting services to investors and companies in the sports industry and Thompson Global Special Situations which participates as adviser, lender, and principle in commodity, energy, infrastructure projects globally. Mr. Thompson currently serves on the Board of Directors for the World Anti-Doping Agency Charitable Foundation. Mr. Thompson also serves on the Board of Trustees for The United States Olympic and Para Olympic Foundation, as an Executive Board member of the Board of Governors for the National Wrestling Hall of Fame, and on the Board Directors of Hofstra University Athletics and the Titan Mercury Wrestling Club. Mr. Thompson also sits on The Board of Directors for Beat The Streets NY, which develops the full athletic potential for inner city kids in NYC using wrestling as a vehicle. Prior to Thompson Global, from 2010 to 2011 Mr. Thompson worked at JP Morgan Securities and from 2005 until 2010, Mr. Thompson served in various roles including as a Global Futures and Commodities Trader for Goldman Sachs & Co. Mr. Thompson graduated from Hofstra University. Because of his experience in capital markets, we believe Mr. Thompson is well qualified to serve on our Board of Directors.

RICHARD ESTALELLA

DIRECTOR

Richard Estalella has served on our Board of Directors since September 2013. Mr. Estalella served as our president from April 2014 until December 2015 when he resigned from the Company but remained on the board of directors. Prior to joining MusclePharm, Mr. Estalella served as senior vice president of operations at Arbonne International, LLC since 2005. Mr. Estalella was instrumental in Arbonne's expansion operations and distribution upgrades. He was responsible for all warehouse and distribution facilities, facilities maintenance departments and Customer Service. Previously, between 1998 and 2005, he owned a consulting business specializing in retail, operations, warehousing and distribution. Prior to that, Mr. Estalella served as senior vice president of warehouse operations for Office Depot between 1987 and 1998 and established many of its retail markets, along with its nationwide distribution center

network which helped grow it into a \$9 billion company. Because of his experience in warehousing and distribution, we believe Mr. Estalella is well qualified to serve on our Board of Directors.

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Board of Directors

Our Board of Directors may establish the authorized number of directors from time to time by resolution. Our bylaws authorize a Board of Directors to consist of between one and nine members. The number of directors currently authorized by resolution of the Board of Directors is six, but will be reduced to four as of the time of the Annual Meeting due to Messrs. Estalella and Thompson not standing for reelection. As a result, four directors are nominated to be elected at the Annual Meeting. The current authorized number of directors is six (6). Our nominated directors, if elected, will continue to serve as directors until the next annual meeting of stockholders and until his successor has been elected and qualified, or until his or her earlier death, resignation, or removal.

Our Board of Directors held 13 meetings during 2015. The Board of Directors also acted 11 times by unanimous written consent. No member of our Board of Directors attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors (held during the period for which he was a director) and the total number of meetings held by all committees of the Board of Directors on which such director served (held during the period that such director served). Members of our Board of Directors are invited and encouraged to attend each annual meeting of stockholders.

Board Leadership Structure

Ryan Drexler, our Interim Chief Executive Officer and Interim President, serves as Chairman of our Board of Directors and presides over meetings of the Board of Directors, and holds such other powers and carries out such other duties as are customarily carried out by the Chairman of our Board of Directors. Mr. Drexler brings valuable insight to our Board of Directors due to the perspective and experience he brings as our interim Chief Executive Officer and President.

Director Independence

The rules of NASDAQ generally require that a majority of the members of a listed company's Board of Directors be independent. In addition, the listing rules generally require that, subject to specified exceptions, each member of a listed company's audit, compensation, and governance committees be independent. Although we are an over-the-counter listed company we have nevertheless opted under our Corporate Governance Guidelines to comply with certain NASDAQ corporate governance rules requiring director independence. The Board of Directors has determined that all of the Company's directors nominated for election, other than Mr. Drexler and Mr. Estalella, are each independent directors as such term is defined in NASDAQ Marketplace Rule 5605(a)(2). Additionally, we have Compensation, Nominating and Corporate Governance, and Audit committees comprised solely of independent directors.

Audit Committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the Board of Directors, or any other board committee: accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or be an affiliated person of the listed company or any of its subsidiaries.

Our Board of Directors has determined that none of our non-employee directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is independent as that term is defined under the rules of NASDAQ. Our Board of Directors has also determined that past and present Directors, who comprise our Audit Committee, Compensation Committee, and our Nominating and Corporate Governance Committee, satisfied and satisfy the independence standards for those

committees established by applicable SEC rules, NASDAQ rules and applicable rules of the Internal Revenue Code of 1986, as amended.

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Involvement in Certain Legal Proceedings

Except as outlined below, to our knowledge, during the past ten (10) years, none of our directors, executive officers, promoters, control persons, or nominees has been:

the subject of any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

convicted in a criminal proceeding or is subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law

Board Committees

Our Board of Directors has established an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee, each of which have the composition and responsibilities described below. Members serve on these committees until their resignations or until otherwise determined by our Board of Directors. The Board of Directors has further determined that Mr. William Bush, a member of the Audit Committee of the Board of Directors, is an Audit Committee Financial Expert, as such term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC, by virtue of his relevant experience listed in his biographical summary provided above in the section entitled Executive Officers and Directors. Each of these committees has a written charter. Current copies of the charters of the Audit Committee, Compensation Committee, and Nominating & Corporate Governance Committee are available on our website at ir.musclepharmcorp.com/governance-documents.

Audit Committee. The Audit Committee reviews the work of our internal accounting and audit processes and the Independent Registered Public Accounting Firm. The Audit Committee has sole authority for the appointment, compensation and oversight of our Independent Registered Public Accounting Firm and to approve any significant non-audit relationship with the Independent Registered Public Accounting Firm. The Audit Committee is also responsible for preparing the report required by the rules of the SEC to be included in our annual proxy statement. The Audit Committee is currently comprised of Mr. Bush as the Chair, Mr. Doron and Mr. Jenkins. Mr. Bush joined the Audit Committee as chairman in May 2015, Mr. Jenkins joined the Audit Committee in May 2015 and Mr. Doron joined the Audit Committee in October 2012. During 2015, the Audit Committee held 8 meetings.

Compensation Committee. The Compensation Committee approves our goals and objectives relevant to compensation, stays informed as to market levels of compensation and recommends to our Board of Directors compensation levels and systems for the Board of Directors and our officers that correspond to our goals and objectives. The Compensation Committee, with the assistance of Longnecker, also produces an annual report on executive compensation for inclusion in our proxy statement. The Compensation Committee is currently comprised of

Mr. Doron as the Chair, Mr. Jenkins and Mr. Bush. Mr. Doron joined the Compensation Committee as chairman in May 2015 and Mr. Jenkins and Mr. Bush joined as members in May 2015. During 2015, the Compensation Committee held 37 meetings.

Nominating & Corporate Governance Committee. The Nominating & Corporate Governance Committee is responsible for recommending to our Board of Directors individuals to be nominated as directors and committee members. This includes evaluation of new candidates as well as evaluation of current directors. In evaluating the

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current directors, the Nominating & Corporate Governance Committee conducted a thorough self-evaluation process, which included the use of questionnaires and a third-party expert that interviewed each of the directors and provided an analysis of the results of the interviews to the committee. This committee is also responsible for developing and recommending to the Board of Directors our corporate governance guidelines, as well as reviewing and recommending revisions to the guidelines on a regular basis. The Nominating & Corporate Governance Committee is currently comprised of Mr. Jenkins as the Chair, Mr. Thompson (not standing for reelection) and Mr. Doron. Mr. Jenkins joined the Nominating & Corporate Governance Committee as chairman in May 2015 and Mr. Thompson joined as a member in May 2015. The Board of Directors will determine who will replace Mr. Thompson on the Nominating & Corporate Governance Committee following the conclusion of the Annual Meeting. During 2015, the Nominating & Corporate Governance Committee held 9 meetings.

Strategic Initiative Committee. The Strategic Initiative Committee evaluates and assists the board of directors in overseeing the Company's implementation of key strategic initiatives. The Strategic Initiative Committee is currently comprised of Mr. Drexler as the Chair, Mr. Bush, Mr. Doron and Mr. Jenkins.

Director Nominations

The director qualifications developed to date focus on what the Board believes to be essential competencies to effectively serve on the Board. The Nominating & Corporate Governance Committee may consider the following criteria in recommending candidates for election to the board:

experience in corporate governance, such as an officer or former officer of a publicly held company;

experience in the Company's industry;

experience as a board member of other publicly held companies; and

technical expertise in an area of the Company's operations.

The Nominating & Corporate Governance Committee evaluates each individual in the context of the Board as a whole, with the objective of assembling a Board that can best perpetuate the success of the Company and represent shareholder interests through the exercise of sound judgment using its diversity of experience.

Prior to each annual meeting of stockholders at which directors are to be elected, and whenever there is otherwise a vacancy on the Board of Directors, the Nominating & Corporate Governance Committee will consider incumbent Board members and other well-qualified individuals as potential director nominees. The Nominating & Corporate Governance Committee will determine whether to retain an executive search firm to identify Board candidates, and if so, will identify the search firm and approve the search firm's fees and other retention terms and will specify for the search firm the criteria to use in identifying potential candidates, consistent with the director qualification criteria described above. The Nominating & Corporate Governance Committee will review each potential candidate. Management may assist the Nominating & Corporate Governance Committee in the review process at the Nominating & Corporate Governance Committee's direction. The Nominating & Corporate Governance Committee will select the candidate or candidates it believes are the most qualified to recommend to the Board for selection as a director nominee. Our Nominating & Corporate Governance Committee will consider candidates recommended by

our stockholders in accordance with the procedures set forth in the Nominating & Corporate Governance Committee Charter. Such recommendations must be submitted in writing to the Chairman of the Nominating & Corporate Governance Committee, c/o the Corporate Secretary, 4721 Ironton Street, Denver, CO 80239 no later than 120 days prior to the anniversary of the date on which the Company's proxy statement was mailed or made available to stockholders in connection with the previous year's annual meeting of stockholders. The recommendations must be accompanied by the following information: the name and address of the nominating stockholder, a representation that the nominating stockholder is a record holder, a representation that the nominating stockholder intends to appear in person or by proxy at the annual meeting to nominate the person or persons specified, information regarding each nominee that would be required to be included in a proxy statement, a description of any arrangements or understandings between the nominating stockholder and the nominee, and the

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consent of each nominee to serve as a director, if elected. Candidates recommended by the stockholders are evaluated in the same manner as candidates identified by a Nominating & Corporate Governance Committee member.

Each of the nominees for election as director at the 2016 Annual Meeting is recommended by the Nominating & Corporate Governance Committee and each nominee is presently a director and stands for re-election by the stockholders.

Stockholders who wish to nominate persons for election to the Board of Directors at an annual meeting must be a stockholder of record both at the time of giving the notice and at the meeting, must be entitled to vote at the meeting and must comply with the notice provisions in our bylaws. A stockholder's notice of nomination to be made at an annual meeting must be delivered to our principal executive offices not less than 90 days nor more than 120 days before the anniversary date of the immediately preceding annual meeting. However, if an annual meeting is more than 30 days before or more than 60 days after such anniversary date, the notice must be delivered no later than the 90th day prior to such annual meeting or, if later, the 10th day following the day on which the first public announcement of the date of such annual meeting was made. A stockholder's notice of nomination to be made at a special meeting at which the election of directors is a matter specified in the notice of meeting must be delivered to our principal executive offices not earlier than the 120th day prior to and not later than the 90th day prior to such special meeting or, if later, the 10th day following the day on which first public announcement of the date of such special meeting was made. The stockholder's notice must include the following information for the person making the nomination:

name and address;

the class and number of shares of the Company owned beneficially or of record;

disclosure regarding any derivative, swap or other transactions which give the nominating person economic risk similar to ownership of shares of the Company or provide the opportunity to profit from an increase in the price or value of shares of the Company;

any proxy, agreement, arrangement, understanding or relationship that confers a right to vote any shares of the Company;

any agreement, arrangement, understanding or relationship, engaged in to mitigate economic risk related to, or the voting power with respect to, shares of the Company;

any rights to dividends on the shares that are separate from the underlying shares;

any performance related fees that the nominating person is entitled to based on any increase or decrease in the value of any shares of the Company; and

any other information relating to the nominating person that would be required to be disclosed in a proxy statement filed with the SEC.

The stockholder's notice must also include the following information for each proposed director nominee:

description of all direct and indirect financial or other relationships between the nominating person and the nominee during the past three years;

the same information as for the nominating person (see above); and

all information required to be disclosed in a proxy statement in connection with a contested election of directors.

The stockholder's notice must be updated and supplemented, if necessary, so that the information required to be provided in the notice is true and correct as of the record date for the meeting and as of the date that is ten business days prior to the meeting.

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The chairman of the meeting will determine if the procedures in the bylaws have been followed, and if not, declare that the nomination be disregarded. The nominee must be willing to provide any other information reasonably requested by the Nominating & Corporate Governance Committee in connection with its evaluation of the nominee's independence.

Stockholder Communications with the Board of Directors

Stockholders may send correspondence to the Board of Directors or any member of the Board of Directors, c/o the Corporate Secretary at our principal executive offices at the address set forth above. The Corporate Secretary will review all correspondence addressed to the Board of Directors, or any individual Board member, for any inappropriate correspondence and correspondence more suitably directed to management. However, the Corporate Secretary will summarize all correspondence not forwarded to the Board of Directors and make the correspondence available to the Board of Directors for its review at the Board of Directors' request. The Corporate Secretary will forward stockholder communications to the Board of Directors prior to the next regularly scheduled meeting of the Board of Directors following the receipt of the communication.

Director Compensation**Non-Employee Director Compensation Arrangements**

The Board of Directors has adopted a non-employee director compensation policy that provides annual retainer fees. All Board members received an annual retainer of \$35,000 for the first and second quarter and \$42,500 for the third and fourth quarter, paid in the first month of the quarter. The Chairman of the Board received an additional annual retainer of \$40,000, beginning in the third quarter, and the lead Director received an additional \$25,000 retainer beginning in the third quarter, each paid quarterly. Additionally, Committee members receive annual retainers, each paid quarterly, as follows:

Committee	Q1 & Q2		Q3 & Q4	
	Chairman	Member	Chairman	Member
Audit Committee	\$ 15,000	\$ 10,000	\$ 20,000	\$ 8,500
Compensation Committee	\$ 10,000	\$ 5,000	\$ 15,000	\$ 6,500
Nominating & Corporate Governance Committee	\$ 7,000	\$ 5,000	\$ 7,500	\$ 5,000
Strategic Initiative Committee	NA	NA	\$ 7,500	\$ 5,000

We also reimburse our non-employee directors for their travel and out of pocket expenses. Members of the Board of Directors who also are our employees do not receive any compensation as directors. Our directors do not receive Board meeting fees.

During 2015, each of our non-employee directors received restricted common stock having a grant date value of \$80,000, which was distributed quarterly. The number of shares distributed for each quarterly award is determined by dividing \$20,000 by the average closing price of MusclePharm's common stock for the first fifteen business days of the first month of each quarter. These restricted common stock awards are vested upon grant.

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2015 Director Compensation. The table below sets forth the compensation paid to each current non-employee member of our Board of Directors during the fiscal year ended December 31, 2015:

Name	Total Fees		Total (\$)
	Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	
Ryan Drexler (0)(4)	\$ 22,229	\$ 17,771	\$ 40,000
Michael Doron (2)(3)(4)(5)(10)	\$ 79,649	\$ 64,000	\$ 143,649
William J. Bush (4)(5)(8)	\$ 41,208	\$ 45,460	\$ 86,668
Stacey Y. Jenkins (4)(5)(7)	\$ 38,806	\$ 45,460	\$ 84,266
Noel Thompson (4)(5)(7)	\$ 37,583	\$ 45,460	\$ 83,043
Richard Estalella (9)	\$ 0	\$ 0	\$ 0
Daniel McClory (Former) (2)(3)(6)	\$ 27,500	\$ 37,176	\$ 64,676
Gregory Macosko (Former) (2)(3)(6)	\$ 30,000	\$ 37,176	\$ 67,176
Andrew Lupo (Former) (2)(3)(6)	\$ 22,500	\$ 37,176	\$ 59,676

- (0) Reflects amount paid to Mr. Drexler for his service on our Board of Directors during 2015. Amounts paid to him with respect to his service as Executive Chairman are included in the Summary Compensation table above.
- (1) The amounts reflected represent the aggregate grant date fair value of the restricted stock awards granted to our non-employee directors in 2015, determined in accordance with ASC 718, by multiplying the number of shares by the closing price of our common stock on the grant date and do not reflect the actual economic value realized by the director. None of the non-employee directors held any outstanding stock options as of December 31, 2015.
- (2) The grant date fair value was based upon the 15-day average closing price of the common stock of \$8.60.
- (3) The grant date fair value was based upon the 15-day average closing price of the common stock of \$4.17.
- (4) The grant date fair value was based upon the 15-day average closing price of the common stock of \$5.30.
- (5) The grant date fair value was based upon the 15-day average closing price of the common stock of \$3.95.
- (6) Andrew Lupo, Gregory Macosko and Daniel McClory each resigned as a director on May 21, 2015.
- (7) Stacey Jenkins and Noel Thompson each were appointed as a director on May 22, 2015.
- (8) William Bush was appointed as a director on May 27, 2015.
- (9) Richard Estalella resigned as an employee on December 30, 2015 and remained a member of our Board of Directors. Mr. Estalella did not receive any compensation for his service as a member of our Board of Directors during 2015.
- (10) Mr. Doron did not receive his Q1 2015 stock grant due to a recordkeeping oversight. Mr. Doron will be issued 2,167 shares in 2016, the same number of shares other non-employee board members received in the first quarter 2015. The \$64,000 of stock award compensation excludes this stock grant.

Corporate Governance Overview

Our business, assets and operations are managed under the direction of our Board of Directors. Members of our Board of Directors are kept informed of our business through discussions with our chief executive officer, chief financial officer, our external counsel, members of management and other Company employees as well as our independent auditors, and by reviewing materials provided to them and participating in meetings of the Board of Directors and its committees.

In addition to its management function, our Board of Directors remains committed to strong and effective corporate governance, and, as a result, it regularly monitors our corporate governance policies and practices to ensure we meet

or exceed the requirements of applicable laws, regulations and rules, the NASDAQ listing standards, as well as the best practices of other public companies.

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Our corporate governance program features the following:

a Board of Directors that is up for election annually;

all of our directors, other than our interim chief executive officer, interim president and chairman of the board of directors, and former president, are independent;

we have no stockholder rights plan in place;

periodically updated charters for each of the Board's committees, which clearly establish the roles and responsibilities of each such committee;

regular executive sessions among our non-employee and independent directors;

a Board of Directors that enjoys unrestricted access to our management, employees and professional advisers;

in 2015, each director attended at least 75% of the aggregate of the total number of Board meetings and total number of meetings of Board committees on which such director served during the time he served on the Board of Directors or committees.;

a clear Code of Conduct that is reviewed regularly for best practices;

a clear Insider Trading Policy that is reviewed regularly;

a Corporate Communications Policy that is reviewed with employees and the Board periodically;

a clear set of Corporate Governance Guidelines that is reviewed regularly for best practices;

our Compensation Committee or Board of Directors may require the forfeiture, recovery or reimbursement of incentive compensation from an executive officer as required under United States securities laws;

no board member is serving on an excessive number of public company boards; and

the Compensation Committee's engagement of an independent compensation consultant.

Board of Directors Role in Risk Management

The Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. Risk management includes not only understanding company specific risks and the steps management implements to manage those risks, but also the level of risk acceptable and appropriate for us. Management is responsible for establishing our business strategy, identifying and assessing the related risks and implementing appropriate risk management practices. Our Board of Directors reviews our business strategy and management's assessment of the related risk, and discusses with management the appropriate level of risk for us. For example, the Board of Directors meets with management at least quarterly to review, advise and direct management with respect to strategic business risks, risks related to our new product development, financial risks, among others. The Board of Directors also delegates oversight to Board committees to oversee selected elements of risk.

The Audit Committee oversees financial risk exposures, including monitoring the in