

MusclePharm Corp
Form 10-K/A
April 29, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2015

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, Colorado
(Address of principal executive offices)

80239
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

**Title of each class
Common Stock, Par Value \$0.001 Per Share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 preceding 12 months (or for such shorter period that the Registrant was required to file such reports), 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company

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

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Aggregate market value of the voting common stock held by non-affiliates of the registrant at June 30, 2015:
\$55,525,569

Number of shares of the registrant's common stock outstanding at April 18, 2016: 13,600,785. Excludes 875,621 common shares held in treasury.

* * *

DOCUMENTS INCORPORATED BY REFERENCE

None.

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EXPLANATORY NOTE

MusclePharm Corporation (MusclePharm, the Company, we, us, or our) is filing this Amendment No. 1 on Form 10-K/A (this Amendment) to amend our Annual Report on Form 10-K for the year ended December 31, 2015, originally filed with the Securities and Exchange Commission (the SEC) on March 17, 2016 (the Original 10-K Filing), solely for the purpose of including the information required by Part III of Form 10-K. Such information was previously omitted from the Original 10-K Filing in reliance on General Instruction G(3) to Form 10-K, which permits the information in the above referenced items to be incorporated in the Form 10-K by reference to our definitive proxy statement for the 2016 Annual Meeting of Stockholders if such proxy statement is filed no later than 120 days after our fiscal year end. We are filing this Amendment to include Part III information in our Form 10-K. The reference on the cover of the Original 10-K Filing to the incorporation by reference to portions of our definitive proxy statement into Part III of the Original 10-K Filing is hereby deleted.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act), Part III, Items 10 through 14 of the Original 10-K Filing are hereby amended and restated in their entirety, and Part IV, Item 15 has also been amended to include certain exhibits required to be filed as part of this Amendment. This Amendment does not amend or otherwise update any other information in the Original 10-K Filing. Accordingly, this Amendment should be read in conjunction with the Original 10-K Filing and with our filings with the SEC subsequent to the Original 10-K Filing.

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Information required under this Item with respect to our Executive Officers is included as a supplemental item at the end of Part I of the Original 10-K Filing. 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 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 Michael 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

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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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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act, requires our directors and named executive officers, and persons who beneficially own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership of our common stock and our other equity securities with the SEC. As a practical matter, we assist our directors and officers by monitoring transactions and completing and filing Section 16 reports on their behalf. Based solely on a review of the copies of such forms in our possession and on written representations from reporting persons, we believe that during 2015, all of our named executive officers and directors filed the required reports on a timely basis under Section 16(a) of the Exchange Act, except for (i) Michael Doron, William Bush, Stacey Jenkins and Noel Thompson regarding the July 2015 board grant.

CODE OF CONDUCT

Our Board of Directors established a Code of Conduct applicable to our officers and employees. The Code of Conduct is accessible on our website at www.ir.musclepharmcorp.com. If we make any substantive amendments to the Code of Conduct or grant any waiver, including any implicit waiver, from a provision of the Code of Conduct to our officers, we will disclose the nature of such amendment or waiver on our website or in a report on Form 8-K.

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.

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;

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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 integrity of our financial statements, internal controls over financial reporting, and the independence of our Independent Registered Public Accounting Firm. The Audit Committee reviews periodic internal controls and related assessments from our finance department and an annual attestation report on internal control over financial reporting from the Company's Independent Registered Public Accounting Firm. The Audit Committee also assists the Board of Directors in fulfilling its oversight responsibility with respect to compliance matters and meets at least quarterly with our finance department, Independent Registered Public Accounting Firm and internal or external legal counsel to discuss risks related to our financial reporting function. In addition, the Audit Committee ensures that our business is conducted with the highest standards of ethical conduct in compliance with applicable laws and regulations by monitoring our Code of Business Conduct and our Corporate Compliance Hotline, and the Audit Committee discusses other risk assessment and our risk management policies periodically with management.

The Compensation Committee participates in the design of compensation structures that create incentives that encourage a level of risk-taking behavior consistent with our business strategy, as is further described in the Compensation Discussion and Analysis section.

The Nominating & Governance Committee oversees governance-related risks by working with management to establish corporate governance guidelines applicable to us, and making recommendations regarding director nominees, the determination of director independence, Board of Directors leadership structure and membership on Board committees.

The Strategic Initiative Committee evaluates and assists the Board of Directors in overseeing our implementation of key strategic initiatives.

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

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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, Mr. Doron and Mr. Jenkins. Mr. Bush is an Audit Committee financial expert within the meaning of Item 407 of Regulation S-K, and serves as chair of the Audit Committee. Each of Messrs. Doron and Jenkins is independent for Audit Committee purposes, as determined under Exchange Act rules. Mr. Bush joined the Audit Committee in May 2015, Mr. Doron joined the Audit Committee in October 2012, and Mr. Jenkins joined the Audit Committee in May 2015. During 2015, the Audit Committee held 8 meetings.

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Item 11. Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis contains statements regarding individual and company performance targets and goals used in setting compensation for our named executive officers. These targets and goals are disclosed in the limited context of the Company's compensation programs and should not be understood to be statements of management's future expectations or estimates of future results or other guidance. The Company specifically cautions investors not to apply these statements to other contexts.

The following Compensation Discussion and Analysis (CD&A) is designed to provide insight into the Company's executive compensation philosophy, objectives and programs, as well as our decisions related to the compensation of our named executive officers (NEOs) for 2015 and the beginning of 2016. During 2015, and continuing into 2016, the Company experienced a significant amount of turnover of NEOs in connection with our execution of strategic actions related to restructuring and realigning the Company to enhance shareholder value. As a result, this CD&A will highlight compensation decisions related to the following NEOs for 2015 and 2016, including several former NEOs:

Ryan Drexler Interim Chief Executive Officer, Interim President and Chairman of the Board of Directors

John Price Chief Financial Officer

Brad Pyatt Former Chief Executive Officer

Richard Estalella Former President

James Greenwell Former Chief Operating Officer

Cory Gregory Former Executive Vice President

Don Prosser Former Chief Financial Officer

EXECUTIVE SUMMARY

NEO Departures and Appointments

In connection with the execution of the Company's strategic plan, the following events took place in 2015 and early 2016.

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Mr. Drexler, the current Interim Chief Executive Officer, Interim President and Chairman of the Board of Directors, was appointed executive chairman of the Company on August 25, 2015 and interim chief executive officer, interim president and chairman of the board of directors upon Mr. Pyatt's termination of employment.

Mr. Pyatt served as our chief executive officer until his termination of employment on March 15, 2016.

Mr. Estalella terminated his position as president on December 30, 2015. He remains a member of our Board of Directors.

Mr. Gregory terminated his position as executive vice president on November 6, 2015.

Mr. Greenwell terminated his position as chief operating officer on August 25, 2015.

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Mr. Prosser stepped down as chief financial officer on March 2, 2015, and remained a non-executive employee of the Company through April 15, 2015.

On March 5, 2015, our Board of Directors appointed Mr. Price, who had previously been the Company's executive vice president of finance, as the Company's chief financial officer.

Company Revenue Performance

MusclePharm has experienced growth across multiple nutritional supplement categories and geographies. In 2015, we realized net revenue of \$167 million (a five-year compound annual growth rate of 120%). Net revenue is equal to our gross revenue less product discounts, customer rebates and incentives.

[CHART]

Although the Company has experienced revenue growth in recent years, the Company's revenues for 2015 did not meet the threshold set by the Compensation Committee under the Company's Executive Bonus Program and, as a result, no bonuses were paid to those named executive officers who were eligible to receive a 2015 bonus with respect to this metric. For additional discussion of the Company's Executive Bonus Program and resulting payouts based on 2015 performance, see the section titled "2015 Executive Bonus Program."

EXECUTIVE COMPENSATION PRACTICES

Compensation Philosophy

Compensation Principles and MusclePharm Best Practices

The following highlights compensation best practices we engage in and practices we avoid to align our executive compensation program with shareholder interests:

What we do:

- Pay for performance

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- .. Maintain a significant portion of compensation as variable for each executive's total compensation, including compensation related to annual and long-term incentives
- .. Cap annual incentive payouts for each executive
- .. Utilize an independent compensation consultant who reports directly to the Compensation Committee
- .. Continue ongoing dialogue with shareholders
- .. Utilize external benchmarking practices
- .. Mitigate undue risk through an annual risk assessment to determine the degree to which compensation plans and decisions impact executive risk taking
- .. The Company generally vests equity awards ratably over three years

What we don't do:

- × Provide excise tax gross-ups
- × Allow hedging or derivative transactions utilizing company stock by any employee or director
- × Repricing or backdating of stock options

THE EXECUTIVE COMPENSATION DECISION MAKING PROCESS

Compensation Objectives

MusclePharm's executive compensation program is designed to attract, motivate and retain talented executives that will drive Company growth and create long-term shareholder value. The Compensation Committee has established the following set of objectives for the executive compensation program:

Compensation should be market competitive: The executive compensation program is designed to provide market-competitive total compensation while maintaining fiscal responsibility for shareholders.

Compensation should reward performance and support MusclePharm's business strategy: A significant portion of the named executive officers' total compensation is variable and the amount actually realized is

dependent upon the achievement of key annual performance measures or stock price.

Compensation should be aligned with shareholders' interests: MusclePharm's compensation program also seeks to reward executive officers for increasing the Company's stock price over the long-term by providing the majority of total compensation opportunities for executive officers in the form of long-term equity awards. While this is the Company's general approach, due to limited equity awards in response to significant turnover during 2015, the Company reported a heavier ratio of cash-to-equity compensation than is typically provided.

Roles of the Compensation Committee, Independent Compensation Consultant, and Chief Executive Officer in Compensation Decision Making

The Compensation Committee oversees and administers our executive compensation program, with input and recommendations from our chief executive officer, as well as input from an independent executive compensation consulting firm, as described below.

To aid the Compensation Committee in making its compensation determinations, during 2015 the chief executive officer provided recommendations to the Compensation Committee regarding the compensation of all executive officers, excluding himself. Each named executive officer other than the chief executive officer, in turn, participates in an annual performance review with the chief executive officer to provide input about his

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individual contributions to the Company's success. The Compensation Committee gathers data on the chief executive officer's performance through several channels, including qualitative and quantitative assessments of the Company's performance, discussions with other members of the management team and discussions with other members of the Board of Directors. Each Compensation Committee meeting ordinarily includes an executive session without members of management present.

The Compensation Committee establishes corporate and individual performance goals at the beginning of each year for use under the Company's annual bonus plan based on the Company's annual financial plan (with respect to the corporate performance goals). The Company's annual financial plan is formulated by the executive management team and is submitted for review and approval by the Board of Directors. The Compensation Committee retains authority under the Company's annual and long-term incentive plans to use negative discretion in relation to the annual incentive and equity awards achieved by meeting or exceeding pre-determined objectives. In addition, the Compensation Committee also has the authority to make discretionary bonus awards to our named executive officers. It did not exercise this discretion in 2015.

Independent Compensation Consultant

The Compensation Committee has retained Longnecker Associates (Longnecker), an independent executive compensation consulting firm, since 2013 to assist in providing advice and data with respect to executive compensation matters. Longnecker reports to the Compensation Committee, and may not conduct any other work for the Company without the authorization of the Compensation Committee. Longnecker did not provide any additional services to MusclePharm in 2015 beyond its engagement as an advisor to the Compensation Committee on executive compensation matters. After review and consultation with Longnecker, the Compensation Committee has determined that Longnecker is independent and there is no conflict of interest resulting from the engagement of Longnecker. In reaching these conclusions, the Compensation Committee considered the factors set forth under SEC rules.

In 2014, Longnecker provided market executive compensation analyses as well as advice to the Compensation Committee with respect to competitive compensation practices in similar organizations and determining the appropriate levels of salary, annual incentives and long-term incentives to the Company's top executive officers. In 2015, Longnecker worked with the Compensation Committee and management to revise the 2015 annual and long-term incentive programs, as well as provide advice related to the design of the Company's independent director compensation program.

Establishing the Competitive Market

Longnecker works with the Compensation Committee to establish a compensation peer group to be used in its market executive compensation analysis. When determining potential peer companies, Longnecker and the Compensation Committee analyzed public companies similar to MusclePharm based on factors such as size of revenue, assets, net income, market capitalization and total enterprise value. Additional factors such as geographical operations, complexity of operations, and optical implications are also considered in the peer company selection process. In 2015, the Compensation Committee, based on advice from Longnecker, approved the following compensation peer group. This compensation peer group was redesigned from 2014's peer group to include more sector-specific and similarly-sized competitors. Specifically, American Oriental Bioengineering, Inc., Blyth, Inc., Nu Skin Enterprises Inc., Prestige Brands Holdings, Inc., The Hain Celestial Group, Inc. and

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Vitacost.com, Inc. were removed from the peer group and Balchem Corp., Immunotec Inc., Innophos Holdings Inc., Natural Alternatives International Inc., Natural Health Trends Corp. and Reliv International, Inc. were added to the peer group.

2015 Compensation Peer Group

Balchem Corp.	Natural Alternatives International Inc.
Boulder Brands, Inc.	Natural Health Trends Corp.
Immunotec Inc.	Nature s Sunshine Products Inc.
Innophos Holdings Inc.	Nutraceutical International Corporation
Lifevantage Corporation	Nutrisystem, Inc.
Mannatech, Incorporated	Omega Protein Corporation
Medifast Inc.	Reliv International, Inc.

The Compensation Committee also reviews and considers applicable published survey data when making compensation decisions. In setting 2015 compensation, Longnecker provided applicable data to the Compensation Committee from the following survey sources: Economic Research Institute, Mercer, Pay Factors, and Towers Watson.

Setting Executive Compensation

The Compensation Committee considers external data, described above, as well as data compiled from individuals within the Company in making executive compensation decisions. Every year the Committee reviews the executive compensation program relative to the market using a blend of data gathered from proxy statements of our companies included in our compensation peer group and published compensation survey data. This analysis provides the necessary background to the Compensation Committee to ensure the executive compensation program is market-competitive. However, the Compensation Committee does not guarantee that any executive will receive a specific market-derived compensation level.

In addition, the Compensation Committee has taken the approach of determining the mix of compensation elements, such as base salary, annual incentives and long-term equity awards, on an individual basis. The Compensation Committee allocates total compensation between cash and equity compensation based on a number of factors, including competitive practices utilized by the companies in MusclePharm s compensation peer group, the role and responsibilities of the individual executive, and the performance the Company wants to drive behaviors toward.

ELEMENTS OF EXECUTIVE COMPENSATION

MusclePharm s executive compensation program has three major components: base salary, annual incentive and long-term incentive compensation. A significant portion of each executive s total compensation package is typically comprised of long-term equity compensation, which creates a natural alignment between executives interests and shareholder interests, and also serves as a retention vehicle for our named executive officers. Given executive transitions during 2015, most of our named executive officers did not receive equity awards and as a result, with respect to certain named executive officers, the make-up of our executive compensation program for 2015 was different than in prior years.

Table of Contents**Base Salary**

Base salaries play an essential role in attracting and retaining the key talent needed to run MusclePharm successfully. Each year, the Compensation Committee determines whether to approve merit increases to our named executive officers' base salaries based upon the Company's performance, their individual performance, changes in duties and responsibilities and the recommendations of our chief executive officer (except for purposes of determining his own salary). Typically, no formulaic or guaranteed base salary increases are provided to our named executive officers. As an overall group, the base salaries for our named executive officers historically were aligned with or under the market 25th percentile of our compensation peer group, described above. The Committee will continue to competitively align base salaries with the market as appropriate, which will position the Company to remain competitive from an attraction and retention perspective.

After performing its annual review of the executive team's base salary levels, the Compensation Committee decided to increase base salaries for 2015 in order to be more competitive with the market. The following table summarizes the adjustments made to each executive's base salary. The base salaries for Messrs. Gregory and Prosser were not increased because their salaries were determined to be market competitive. Mr. Price's base salary was increased from \$225,000 to \$250,000 in connection with his promotion to chief financial officer. The Compensation Committee determined the amount of the increase after reviewing compensation paid to chief financial officers of companies in our compensation peer group and published survey data, as described above, as well as considering Mr. Price's skills and experience.

Name	2014 Base Salary	2015 Base Salary
Ryan Drexler	N/A	N/A
John Price ¹	\$225,000	\$ 250,000
Brad Pyatt ²	\$ 325,000	\$425,000
Richard Estalella ³	\$ 300,000	\$375,000
James Greenwell ³	\$ 275,000	\$300,000
Cory Gregory ³	\$ 200,000	\$200,000
Don Prosser ³	\$ 275,000	\$275,000

1 Mr. Price was not an executive officer of the Company during 2014.

2 Mr. Pyatt's employment with the Company terminated on March 15, 2016.

3 Messrs. Estalella, Greenwell, Gregory and Prosser's employment terminated during 2015.

More recently, we aligned our interim chief executive officer, interim president and chairman of the board of directors base salary to the 50th percentile based upon his experiences with sports nutrition companies and ability to manage the Company's restructuring activities. During 2015, Mr. Drexler did not receive a base salary from the Company. In February 2016, the Compensation Committee decided to pay him a lump sum amount equal to \$250,000 as compensation for his service to the Company as Executive Chairman. In February 2016, the Company also entered into an employment agreement with Mr. Drexler pursuant to which he will receive an annual base salary of \$550,000. The Compensation Committee determined his base salary after reviewing compensation paid to chief executive officers of companies in our compensation peer group and survey data as described above, as well as considering Mr. Drexler's skills and experience.

Table of Contents**Annual Incentive (2015 Executive Bonus Program)**

In early 2015, the Compensation Committee revised the Company's Executive Bonus Program to better reflect the Company's objectives for 2015. The Compensation Committee determined that a corporate profitability metric should be implemented under the 2015 Executive Bonus Program and added a gross margin percentage metric. Gross Margin Percentage is defined as the difference between net revenue and cost of sales divided by cost of sales. The Compensation Committee retained revenue and Adjusted EBITDA as metrics under the Executive Bonus Program because revenues are an important measure of our business and how well our products and brands sell and Adjusted EBITDA is a measure of ongoing business performance that is important to our investors. Mr. Drexler was not eligible to participate in the 2015 Executive Bonus Program. Given their employment status, Messrs. Drexler and Prosser were not eligible to participate in the Company's 2015 Executive Bonus.

The following table illustrates the Compensation Committee's structure for the 2015 Executive Bonus Program. In regards to threshold, target, and stretch target performance achievements, the correlating bonus amount paid out if achieved would equal 75%, 100%, or up to 125%, respectively, of the portion of the bonus associated with such metric (in thousands except %).

2015 Executive Bonus Program Measures		Threshold	Target	Stretch Target	Weighting
Corporate	Net Revenue	\$188,000	\$221,000	\$236,000	25%
	Adjusted EBITDA	(\$11,500)	(\$10,000)	(\$8,000)	20%
	Gross Margin Percentage	32%	34%	36%	10%
Individual	A number of goals and objectives, both quantitative and qualitative, specific to each executive's responsibilities within the Company.				45%

Adjusted EBITDA is a Non-GAAP financial measure. An explanation of how we calculate this measure is contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the Securities and Exchange Commission.

Each named executive officer is eligible to earn an annual incentive bonus, based on a target dollar amount established by the Compensation Committee. For 2015, Mr. Pyatt's target bonus was \$450,000, Mr. Price's, \$250,000, Mr. Estalella's, \$350,000, Mr. Greenwell's, \$300,000 and Mr. Gregory's, \$225,000. An executive can earn between 75% and 125% of their weighted target incentive based on the achievement of each of the goals described above. In no event may an executive earn more than 200% of his total target bonus.

2015 Executive Bonus Program Corporate Objectives Payout

In January 2016, the Compensation Committee reviewed the 2015 corporate performance and each executive's 2015 performance and determined their actual bonus payout. The following tables summarize the actual bonus payouts determined by Compensation Committee (in thousands, except %, bonus target and bonus earned).

Net Revenue**Threshold**

Executive		Target	Stretch	Actual	% of Goal Achieved	Bonus Target	Bonus earned
John Price	\$188,000	\$221,000	\$236,000	\$166,858	0%	\$ 62,500	\$0
Brad Pyatt	\$188,000	\$221,000	\$236,000	\$166,858	0%	\$ 106,250	\$0
Richard Estalella ¹	\$188,000	\$221,000	\$236,000	\$166,858	0%	\$ 87,500	NA
James Greenwell ¹	\$188,000	\$221,000	\$236,000	\$166,858	0%	\$ 75,000	NA
Cory Gregory ¹	\$188,000	\$221,000	\$236,000	\$166,858	0%	\$ 56,250	NA
Don Prosser ¹	\$188,000	\$221,000	\$236,000	\$166,858	0%	NA	NA

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Executive	Adjusted EBITDA					Bonus Target	Bonus Earned
	Threshold	Target	Stretch	Actual	% of Goal Achieved		
John Price	(\$11,500)	(\$10,000)	(\$8,000)	(\$2,672)	125%	\$50,000	\$ 62,500
Brad Pyatt	(\$11,500)	(\$10,000)	(\$8,000)	(\$2,672)	125%	\$85,000	\$ 106,250
Richard Estalella ¹	(\$11,500)	(\$10,000)	(\$8,000)	(\$2,672)	125%	\$70,000	NA
James Greenwell ¹	(\$11,500)	(\$10,000)	(\$8,000)	(\$2,672)	125%	\$60,000	NA
Cory Gregory ¹	(\$11,500)	(\$10,000)	(\$8,000)	(\$2,672)	125%	\$45,000	NA
Don Prosser ¹	(\$11,500)	(\$10,000)	(\$8,000)	(\$2,672)	125%	NA	NA

Executive	Gross Margin Percentage					Bonus Target	Bonus Earned
	Threshold	Target	Stretch	Actual	% of Goal Achieved		
John Price	32%	34%	36%	34%	100%	\$ 25,000	\$ 25,000
Brad Pyatt	32%	34%	36%	34%	100%	\$ 42,500	\$ 42,500
Richard Estalella ¹	32%	34%	36%	34%	100%	\$ 35,000	NA
James Greenwell ¹	32%	34%	36%	34%	100%	\$ 30,000	NA
Cory Gregory ¹	32%	34%	36%	34%	100%	\$ 22,500	NA
Don Prosser ¹	32%	34%	36%	34%	100%	NA	NA

¹ As a result of their employment terminations during 2015, none of Messrs. Estalella, Greenwell, Gregory or Prosser was entitled to an annual bonus for 2015. As part of his severance, Mr. Greenwell received a lump sum payment equal to 50% of his 2015 target bonus.

2015 Executive Bonus Program Individual Objectives Payout

The Compensation Committee evaluated the performance of each of the named executive officers in relation to their pre-determined individual goals for 2015 and determined that 50% of such goals, in the aggregate, were achieved. Mr. Price's goals were: Secure a new credit facility, ensure timely and accurate SEC reporting, deliver positive cash flow and implement a new software solution for expense reporting. Mr. Pyatt's goals were: Recruitment of experienced executives, sign a new celebrity endorser, uplist to major market and develop and launch two new product lines.

Executive	Individual Goals	
	Bonus Target	Bonus Earned
John Price	\$ 112,500	\$ 56,250
Brad Pyatt	\$ 191,250	\$ 95,625
Richard Estalella ¹	\$ 157,500	\$ 0
James Greenwell ¹	\$ 135,000	\$ 0
Cory Gregory ¹	\$ 101,250	\$ 0
Don Prosser ¹	N/A	N/A

- 1 As a result of their employment terminations during 2015, none of Messrs. Estalella, Greenwell, Gregory or Prosser were entitled to an annual bonus for 2015. As part of his severance, Mr. Greenwell received a lump sum payment equal to 50% of his 2015 target bonus.

Table of Contents**2015 Executive Bonus Program Total Bonus Payout**

Overall, our named executive officers' total bonus payouts for 2015 performance resulted in below target awards.

Executive	Total 2015 Bonus Payout		Actual as a % of Target
	Target	Actual	
John Price	\$250,000	\$143,750	57.5%
Brad Pyatt	\$425,000	\$244,375	57.5%
Richard Estalella ¹	\$350,000	\$0	0%
James Greenwell ¹	\$300,000	\$0	0%
Cory Gregory ¹	\$200,000	\$0	0%
Don Prosser ¹	N/A	N/A	N/A

¹ As a result of their employment terminations during 2015, none of Messrs. Estalella, Greenwell, Gregory or Prosser was entitled to an annual bonus for 2015. As part of his severance, Mr. Greenwell received a lump sum payment equal to 50% of his 2015 target bonus.

Long-term Incentives

Long-term incentives granted by the Company have historically been in the form of restricted stock awards, which generally vest over a three year period. Restricted stock grants are used as an effective retention tool while simultaneously aligning executives' interests with those of shareholders. The Compensation Committee believes that restricted stock awards are an effective tool for adding an immediate financial incentive to remain with the Company and work for us that will mitigate potential attempts by labor market competitors to recruit critical employees.

In connection with his promotion to chief financial officer in 2015, Mr. Price received an award of 50,000 restricted shares. This award vests 60% on December 31, 2016, 20% on December 31, 2017 and 20% on December 31, 2018. The Compensation Committee determined the size of Mr. Price's grant after reviewing the value of equity awards granted to chief financial officers of companies in our compensation peer group and survey data as described above, as well as the Company's historical grant practices. Also in 2015, the Board of Directors granted awards of restricted stock to Mr. Drexler. Mr. Drexler was granted 3,353 shares of restricted stock for service on our Board of Directors in accordance with our compensation program for non-employee directors. He was also awarded 28,571 vested shares of restricted stock in consideration for his individual guaranty of Company debt. See *Related Party Transactions* for more information on this grant. None of the other named executive officers received a grant of long-term incentive awards in 2015.

Severance and Change in Control Agreements

We have entered into change in control agreements and severance agreements with certain of our executive officers. The Compensation Committee believes these types of agreements are essential in order to attract and retain qualified executives in our senior management team. For details, including with respect to the severance payments paid to certain terminated named executive officers, see *Employment, Severance and Change in Control Arrangements* below.

Employee Benefit Plans

We maintain a Section 401(k) Savings/Retirement Plan (the 401(k) Plan) to cover eligible employees of the Company and any designated affiliate in the United States. The 401(k) Plan permits eligible employees to defer up to the maximum dollar amount allowed by law including a catch-up provision for employees over the age of 50. The employees' elective deferrals are immediately vested upon contribution to the 401(k) Plan. We currently make discretionary matching contributions to the 401(k) Plan in an amount equal to 100% of deferrals up to 4% of the participant's annual base pay and subject to a total employer contribution of \$10,600, and certain other limits.

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We do not maintain any other defined benefit, defined contribution or deferred compensation plans for our employees.

Our executive officers are eligible to participate in all of our employee benefit plans, such as medical, dental, vision, group life and disability insurance, in each case on the same basis as other employees, subject to applicable law. We also provide vacation and other paid holidays to all employees, including our executive officers. In addition, we provide certain highly-compensated employees, including our named executive officers, with supplemental long-term disability coverage. For purposes of eligibility for this coverage, highly-compensated employees are defined as those employees whose monthly income is greater than \$13,333, or \$160,000 per year. Certain of our executive are also entitled to certain perquisites, as described and quantified in the Summary Compensation Table below.

Risk Assessment of Compensation Policies and Programs

In early 2016, management assessed our compensation policies and programs for all employees for purposes of determining the relationship of such policies and programs and the enterprise risks faced by the Company and presented its assessment to the Compensation Committee. Based on its assessment, management recommended, and the Compensation Committee concluded, that none of our compensation policies or programs create risks that are reasonably likely to have a material adverse effect on the Company. In connection with their review, management and the Compensation Committee noted certain key attributes of our compensation policies and programs that help to reduce the likelihood of excessive risk taking, including:

The program design provides a balanced mix of cash and equity compensation, delivered as fixed and variable compensation and via base salary, annual incentives and long-term incentives.

Corporate performance objectives are designed to be both rigorous and consistent with the Company's overall business plan and strategy, as approved by the Board of Directors.

The determination of executive incentive awards is based on a review of a variety of indicators of performance, including both financial and non-financial goals, reducing the risk associated with any single indicator of performance.

Incentive payments are capped at no more than 200% of target.

The Company's equity awards generally vest over three year periods.

The Compensation Committee has the right to exercise negative discretion over executive incentive plan payments.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code disallows a tax deduction for any publicly-held corporation for individual compensation exceeding \$1 million in any taxable year for a company's named executive officers, other than its chief financial officer, unless compensation qualifies as performance-based under such section. The

Compensation Committee considers the tax impact of our executive compensation programs as one of the factors to be considered when setting and evaluating these programs. The Compensation Committee retains full discretion to award compensation packages that will best attract, retain, and reward executive officers and contribute to the achievement of our business objectives. We have awarded and may or may not in the future award compensation that is not fully deductible under Section 162(m).

The Compensation Committee considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors (the Compensation Committee) has furnished this report on executive compensation. This report, filed in accordance with Item 407(e)(5) of Regulation S-K, should be read in conjunction with the other information relating to executive compensation which is contained elsewhere in this Annual Report on Form 10-K/A and is not repeated here.

In this context, the Compensation Committee hereby reports as follows:

1. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section contained herein with management.
2. Based on the review and discussions referred to in paragraph (1) above, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K/A for filing with the SEC.

April 29, 2016

COMPENSATION COMMITTEE

/s/ Michael Doron, Chairman

Noel Thompson

William Bush

Table of Contents**COMPENSATION OF EXECUTIVE OFFICERS****Summary Compensation Table for 2015**

The following summary compensation tables sets forth all compensation awarded to, earned by, or paid to our named executive officers during the years ended December 31, 2015, 2014, 2013.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Non-Equity Incentive		All Other Compensation (\$)**	Total (\$)
					Option Awards (\$)	Plan Compensation (\$)		
Current								
Ryan Drexler ⁽¹⁾ Interim Chief Executive Officer, Interim President and Chairman of the Board of Directors	2015	250,000 ⁽⁸⁾					77,876 ⁽¹²⁾	\$ 327,876
John Price ⁽²⁾ Chief Financial Officer	2015	244,375		214,500 ⁽⁹⁾	\$ 143,750		11,525 ⁽¹²⁾	614,150
Former								
Bradley J. Pyatt ⁽³⁾ Chief Executive Officer	2015	420,833			\$ 244,375		133,278 ⁽¹²⁾	798,486
	2014	325,000	314,063	6,500,000 ⁽¹⁰⁾			(20,628)	7,118,435
	2013	250,000	260,000	3,853,500 ⁽¹¹⁾			99,042	4,462,542
Richard F. Estalella ⁽⁴⁾ President and Chief Operating Officer	2015	371,875					47,865 ⁽¹²⁾	419,740
	2014	291,167	264,063	3,250,000 ⁽¹⁰⁾			22,238	3,827,468
	2013	163,000	250,000	1,101,000 ⁽¹¹⁾			32,763	1,546,763
James J. Greenwell ⁽⁵⁾ Chief Operating Officer	2015	480,598					184,533 ⁽¹²⁾	665,131
	2014	172,500	140,993	1,300,000 ⁽¹⁰⁾			5,547	1,619,040
Cory J. Gregory ⁽⁶⁾ Executive Vice President of Brand Awareness and Social Media	2015	215,809					26,379 ⁽¹²⁾	242,188
	2014	200,000	182,813	1,300,000 ⁽¹⁰⁾			7,224	1,690,037
	2013	150,000	160,000	1,651,500 ⁽¹¹⁾			16,713	1,978,213
Donald W. Prosser ⁽⁷⁾ Chief Financial Officer and Treasurer	2015	95,026					7,195 ⁽¹²⁾	102,221
	2014	195,416	81,680	1,300,000 ⁽¹⁰⁾			7,226	1,584,322

** The Company's executive compensation table and, specifically, perquisites as disclosed in the Other Compensation column of the executive compensation table was previously under review with the SEC as part of an SEC Investigation, which was resolved in September 2015, as discussed in Note 12 of the Notes to Consolidated Financial Statements included in our Form 10-K for our 2015 fiscal year. The Audit Committee conducted a detailed and thorough analysis of the perquisites for the periods of 2010, 2011, 2012 and 2013 as part of the preparation of these tables and the SEC Investigation. The Company and SEC agreed to appoint Chord Advisors, LLC for a 12-month period to monitor the Company's reporting practices and internal controls.

(1)

- On August 26, 2015, our Board of Directors appointed Mr. Drexler as the Company's executive chairman. On February 11, 2016, Mr. Drexler entered into an employment agreement with the Company, pursuant to which the Company agreed to pay him a lump sum of \$250,000 in respect of his service to the Company, in lieu of any base salary for 2015. On March 15, 2016, Mr. Drexler was appointed as the interim chief executive officer, interim president and chairman of the board of directors. Amounts paid to Mr. Drexler in connection with his service as a member of our Board of Directors, including the grant of restricted stock received in his capacity as a director, are included in the Director Compensation Table below. For information regarding restricted stock granted to Mr. Drexler in connection with his individual guaranty of Company debt see Related Party Transactions below.
- (2) Mr. Price joined the Company in July 2014 as the Company's executive vice president of finance and was appointed to his position as the Company's chief financial officer on March 5, 2015.
 - (3) Mr. Pyatt resigned from his position as the Company's chief executive officer on March 15, 2016. Mr. Pyatt had also served as our president until he resigned from that position in April 2014.

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- (4) Mr. Estalella was appointed to his position as the Company's chief operating officer on April 29, 2013 and was appointed as president in April 2014 at which time he resigned as chief operating officer. On December 30, 2015, Mr. Estalella resigned as president and remained a member of our Board of Directors.
- (5) Mr. Greenwell was appointed to his position as the Company's chief operating officer on May 12, 2014 and resigned his position on the Board of Directors. On August 25, 2015, Mr. Greenwell resigned as the chief operating officer.
- (6) Mr. Gregory resigned his position as executive vice president of brand awareness and social media on November 6, 2015.
- (7) Mr. Prosser was appointed to his position as the Company's chief financial officer on April 16, 2014 and resigned his position on the Board of Directors. On March 2, 2015, Mr. Prosser resigned his position as chief financial officer and remained with the Company in a non-executive role until his contract ended on April 15, 2015. Amounts included as base salary for Mr. Prosser include amounts paid to him in respect of his service as chief financial officer as well as a non-executive employee of the Company.
- (8) Mr. Drexler did not receive a base salary from the Company in 2015. In February 2016, however, the Company's Compensation Committee agreed to compensate Mr. Drexler in the amount of \$250,000 for his service to the Company as executive chairman from August 2015. In February 2016, the Company also entered into an employment agreement with Mr. Drexler pursuant to which he will receive an annual base salary of \$550,000.
- (9) Reflects the full grant date fair value of restricted stock awards granted in 2015 calculated in accordance with FASB ASC Topic 718, disregarding the effects of estimated forfeitures, based on the closing price of the common stock of \$4.29 on the date of the grant.
- (10) Reflects the full grant date fair value of restricted stock award granted in 2014 calculated in accordance with FASB ASC Topic 718, disregarding the effects of estimated forfeitures, based on the closing price of the common stock of \$13.00 on the date of the grant.
- (11) Reflects the full grant date fair value of restricted stock award granted in 2013 calculated in accordance with FASB ASC Topic 718, disregarding the effects of estimated forfeitures, based on the closing price of the common stock of \$11.01 on the date of the grant.
- (12) Amounts under "All Other Compensation" for 2015 include the following Company 401(k) matching contributions, life insurance premiums paid by the Company on behalf of the executive officers, perquisites and severance payments:

	Drexler (\$)	Price (\$)	Pyatt (\$)	Estalella (\$)	Greenwell (\$)	Gregory (\$)	Prosser (\$)
Company 401(k)							
Matching Contributions		\$	\$ 10,600	\$ 10,600	\$ 7,918	\$ 9,119	\$ 3,616
Miscellaneous ^(a)	\$ 32	\$ 3,875	\$ 20,534	\$ 19,137	\$ 157,308	\$ 8,331	\$ 1,458
Automobile Expenses ^(b)	\$ 5,947	\$ 7,650	\$ 20,864	\$ 9,000	\$ 14,000	\$ 7,700	\$ 1,750
Club Fees, Expenses and Golf Tournaments ^(c)			\$ 29,602				
Attorney Fees ^(d)	\$ 71,897		\$ 3,245				
Sports Donations ^(e)			\$ 20,186				
Sports Tickets ^(f)			\$ 14,467				
Travel ^(g)			\$ 12,872	\$ 4,025	\$ 4,025		
Life Insurance Premiums			\$ 908	\$ 5,103	1,282	\$ 1,229	\$ 371
TOTAL	\$ 77,876	\$ 11,525	\$ 133,278	\$ 47,865	\$ 184,533	\$ 26,379	\$ 7,195

- (a) These amounts include an allowance paid by the Company for miscellaneous expenses, Company provided match to health savings accounts and amounts for expenses incurred by our executives that have been inadequately documented to support a business purposes or personal in nature. For Mr. Pyatt, amounts also include Company paid vacation housing and additional apparel not covered by the allowance. For Mr. Greenwell, amounts also include his 2015 bonus paid in conjunction with his severance (paid in 2016.)

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- (b) We provide an automobile allowance for Mr. Price, Mr. Estalella, Mr. Greenwell, Mr. Gregory and Mr. Prosser and the use of a Company car for Mr. Drexler and Mr. Pyatt. For the Company car provided to Mr. Drexler and Mr. Pyatt, the Company insures the car under its insurance programs, pays all registration, license, taxes and other fees on the car, pays for all repairs and reimburses for all gas and maintenance costs on the car. The amount disclosed for Mr. Drexler and Mr. Pyatt represent that portion of the total annual cost to the Company for the automobile provided to the executive attributable to their personal use.
- (c) Represents payments for golf club memberships for Mr. Pyatt, including monthly dues, guest fees, meals and entertainment costs at the golf clubs and other personal expenses incurred by Mr. Pyatt at the golf clubs, including apparel. Amount also includes golf tournament fees and housing at a major golf event.
- (d) Represents legal fees in relation to the bank guarantee provided by Mr. Drexler, with the Company's bank, legal fees in relation to the convertible note that the Company entered into with Mr. Drexler and legal fees related to Mr. Pyatt's employment contract and related chief executive officer's duties.
- (e) Represents amount paid by the Company for football equipment to Arvada West High School, for which Mr. Pyatt coaches.
- (f) Amount represents the cost of tickets to attend a Denver Broncos game in the Company's luxury suite, including catered food. Mr. Pyatt donated the tickets to his sons football team to be utilized for fund raising.
- (g) Represents amounts paid by the Company for our executive's utilization of private jet travel for business purposes. Amount represents the difference between the private travel cost and commercial airfare travel cost for the applicable trip.

Grants of Plan-Based Awards in Fiscal Year 2015

Name	Grant date	Threshold (\$)	Estimated possible payouts under non-equity incentive plan awards		All Other Stock Awards: Number of Shares of Stock (#)	Grant Date Fair Value of Stock and Option Awards (\$)
			Target (\$)	Maximum (\$)		
John Price	4/28/2015	\$ 187,500	\$ 250,000	\$ 312,500	50,000	214,500
Brad Pyatt		\$ 318,750	\$ 425,000	\$ 531,250		
Richard Estalella ¹		\$ 262,500	\$ 350,000	\$ 437,500		
James Greenwell ¹		\$ 225,000	\$ 300,000	\$ 375,000		
Cory Gregory ¹		\$ 168,750	\$ 225,000	\$ 281,250		
Don Prosser ¹		NA	NA	NA		

- ¹ As a result of their employment terminations during 2015, none of Messrs. Estalella, Greenwell, Gregory or Prosser was entitled to an annual bonus for 2015. As part of his severance, Mr. Greenwell received a lump sum payment equal to 50% of his 2015 target bonus.

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Narrative disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Mr. Drexler is party to an employment agreement with the Company dated as of February 11, 2016. The term of his agreement is for three years, subject to automatic renewal for successive one-year periods unless either party provides the other with his or its intention not to renew the agreement at least three months prior to the expiration of the initial or renewal term. Mr. Drexler is entitled to a base salary of \$550,000, subject to adjustment, and an annual bonus of up to 200% of his base salary. With respect to his services since August 26, 2015, in lieu of any base salary for 2015, Mr. Drexler was paid \$250,000 on March 1, 2016. In connection with the execution of the employment agreement, Mr. Drexler was entitled to a stock option grant having a value equal to \$250,000. On February 22, 2016 the Board of Directors (excluding Ryan Drexler) unanimously approved a stock option grant of 137,362 options with an exercise price of \$1.89, two year vesting schedule and ten year life. The options were granted under the 2015 Equity Incentive Plan. Mr. Drexler is eligible to receive a transaction bonus if a qualifying sale of the Company occurs on or prior to February 11, 2019 in an amount equal to 10% of the purchase price in such sale. Mr. Drexler is entitled to participate in our benefit plans on the same basis as other senior employees, except that the Company has agreed to pay 100% of the cost of any group medical, vision or dental coverage elected by Mr. Drexler and 50% of the additional incremental cost for coverage elected by him or his family.

Mr. Price is party to an employment agreement with the Company dated as of April 29, 2015. The term of his agreement ends on December 31, 2017, unless it is terminated earlier or extended. Mr. Price is entitled to a base salary of \$250,000, and an annual bonus of up to \$250,000, subject to annual review. Mr. Price is entitled to participate in our benefit plans made available to executive officers and is entitled to a monthly vehicle allowance of \$1,000 and an annual miscellaneous expense allowance of up to \$5,000.

Prior to his termination of employment in March 2016, Mr. Pyatt had been party to an employment agreement with the Company dated as of June 24, 2015, which agreement superseded his prior employment agreement with the Company. The term of his agreement was for five years, subject to automatic renewal for successive one-year periods unless either party provides the other with his or its intention not to renew the agreement at least three months prior to the expiration of the initial or renewal term. Mr. Pyatt was entitled to a base salary of \$425,000 for 2015 and an annual bonus in an amount of up to 125% of his base salary. Each year during the employment period, Mr. Pyatt was to receive an equity award or equity awards having a pre-established fixed value (\$817,000 for 2015). Mr. Pyatt was entitled to participate in our benefit plans on the same basis as other senior employees, except that the Company had agreed to pay 100% of the cost of any group medical, vision or dental coverage elected by Mr. Pyatt and 50% of the additional incremental cost for coverage elected by him or his family.

Prior to his termination of employment on December 30, 2015, Mr. Estalella had been party to an employment agreement with the Company dated as of June 24, 2015. This agreement had substantially the same terms as the agreement with Mr. Pyatt, described above, except that his annual base salary for 2015 was \$375,000 and his equity award value for 2015 was \$695,000.

Each of our named executive officers, Messrs. Greenwell, Gregory and Estalella, was party to an employment agreement during fiscal year 2015 until the date of termination of their employment that entitled them to an annual base salary and the ability to earn an incentive bonus as well as to participate in our benefit plans made available to executive officers. As a result of their employment terminations during 2015, none of Messrs. Estalella, Greenwell, Gregory or Prosser was entitled to an annual bonus for 2015. As part of his severance, Mr. Greenwell received a lump sum payment equal to 50% of his 2015 target bonus.

The severance arrangements with our named executive officers and the effect of a change in control on their outstanding options are described below under **Potential payments upon termination or change of control**.

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Outstanding Equity Awards at Year End

The following table provides information concerning restricted stock awards held by our named executive officers as of December 31, 2015. This table includes unvested restricted stock awards with vesting conditions that were not satisfied as of December 31, 2015. Each equity grant is shown separately for each named executive officer. The vesting schedule for each outstanding equity award is shown in the footnotes following this table.

Name	Outstanding Equity Awards at Year End Option Awards				Stock Awards		
	Grant Date	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock that Have Not Vested ⁽¹⁾ (#)	Market Value of Shares or Units of Stock that Have Not Vested ⁽²⁾ (\$)