

MusclePharm Corp
Form S-1
October 26, 2012

As filed with the Securities and Exchange Commission on October 26, 2012

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MusclePharm Corporation

(Exact name of registrant as specified in its charter)

Nevada	2834	77-0664193
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

4721 Ironton Street, Building A

Denver, Colorado 80239

Telephone: (303) 396-6100

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Brad J. Pyatt

Co-Chairman, Chief Executive Officer and President

MusclePharm Corporation

5348 Vegas Drive

Las Vegas, Nevada 89108

Telephone: (702) 953-1890

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Reid A. Godbolt, Esq.	Yvan-Claude Pierre, Esq.
Jones & Keller, P.C.	Daniel I. Goldberg, Esq.
1999 Broadway, Suite 3150	Reed Smith LLP
Denver, Colorado 80202	599 Lexington Avenue
Telephone: (303) 573-1600	New York, New York 10022
Facsimile: (303) 573-8133	Telephone: (212) 549-5400
	Facsimile: (212) 521-5450

Approximate date of commencement of proposed sale to the public:

As soon as practicable after this Registration Statement is declared effective.

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

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

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

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

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

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
Common Stock, par value \$0.001 per share (2)(3)	\$ 19,550,000	\$ 2,667
Representative's Common Stock Purchase Warrant		(4)
Shares of Common Stock underlying Representative's Common Stock Purchase Warrant (2)(5)	\$ 1,062,500	\$ 145
Total	\$ 20,612,500	\$ 2,812

(1) Estimated pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act"), based on the proposed maximum aggregate offering price.

Pursuant to Rule 416 under the Securities Act, the securities being registered hereunder include such indeterminate (2) number of additional shares of common stock as may be issued after the date hereof as a result of stock splits, stock dividends or similar transactions.

(3) Includes shares the underwriters have the option to purchase to cover over-allotments, if any.

(4) No fee pursuant to Rule 457(g) under the Securities Act.

Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g) under the Securities (5) Act, based on an estimated proposed maximum aggregate offering price of \$1,062,500 or 125% of \$850,000 (5% of \$17,000,000).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

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

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION DATED OCTOBER 26, 2012

Shares
Common Stock

MusclePharm Corporation is offering _____ shares of its common stock pursuant to this prospectus. We expect to effect a 1-for-650 reverse stock split of our common stock prior to offering these securities. Information in this prospectus is provided on a post-reverse stock split basis giving effect to such 1-for-650 reverse stock split as if it had occurred prior to the date hereof unless otherwise indicated.

Our common stock is presently quoted on the OTCBB under the symbol "MSLP.OB". We have applied to list our common stock on The NASDAQ Capital Market under the symbol "MSPH". On October 25, 2012, the last reported sale price for our common stock on the OTC QB was \$3.45 per share after giving pro forma effect to the 1-for-650 reverse stock split of our common stock.

Our business and an investment in our securities involve a high degree of risk. See "Risk Factors" beginning on page 7 of this prospectus for a discussion of information that you should consider before investing in our securities.

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

	Per Share	Total
Public offering price		
Underwriting discounts and commissions ⁽¹⁾		
Proceeds, before expenses, to us		

(1) The underwriters will receive compensation in addition to the underwriting discount. See "Underwriting" beginning on page 61 of this prospectus for a description of compensation payable to the underwriter.

The underwriters may also purchase up to an additional shares of common stock from us at the public offering price, less the underwriting discount, within 45 days from the date of this prospectus to cover over-allotments, if any.

The underwriters expect to deliver the shares against payment therefor on or about , 2012.

Aegis Capital Corp

The date of this prospectus is , 2012

TABLE OF CONTENTS

	Page
Prospectus Summary	1
Risk Factors	7
Cautionary Note Regarding Forward-Looking Statements and Industry Data	17
Use of Proceeds	18
Price Range of Common Stock	19
Dividend Policy	19
Dilution	20
Capitalization	21
Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Business	31
Management	43
Security Ownership of Certain Beneficial Owners and Management	54
Certain Relationships and Related Party Transactions	55
Description of Securities	57
Underwriting	61
Legal Matters	69
Experts	69
Where You Can Find More Information	70
Index to Financial Statements	F-1

You should rely only on the information contained in this prospectus or in any free writing prospectus that we may specifically authorize to be delivered or made available to you. We have not, and the underwriters have not, authorized anyone to provide you with any information other than that contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus may only be used where it is legal to offer and sell shares of our common stock. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted.

For investors outside the United States: We have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our financial statements and the related notes and the information set forth under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in each case included elsewhere in this prospectus.

Unless otherwise stated or the context requires otherwise, references in this prospectus to “MusclePharm”, the “Company”, “we”, “us”, or “our” refer to MusclePharm Corporation. Unless otherwise stated or the context requires otherwise, information in this prospectus gives effect to the 1-for-650 reverse stock split that we intend to effect prior to offering these securities.

MusclePharm Corporation

Business Overview

We develop, market and sell athlete-focused, high quality nutritional supplements primarily to specialty resellers. Our products have been formulated to enhance active fitness regimens, including muscle building, weight loss and maintaining general fitness. Our nutritional supplements are available for purchase in over 10,000 U.S. retail outlets, including Dick’s Sporting Goods, GNC, Vitamin Shoppe and Vitamin World. We also sell our products to over 100 online channels, including bodybuilding.com, amazon.com, gnc.com and vitacost.com. Internationally, our nutritional supplements are sold in over 110 countries, and we expect that international sales will be a significant part of our sales for the foreseeable future.

We started formulating our nutritional supplements in 2008 for consumption by active individuals, high performance athletes and fitness enthusiasts. We launched our sales and marketing programs in late 2008 through our internal sales executives and staff targeting specialty retail distributors.

Our wide-range variety of nutritional supplements, include Assault™, Combat Powder™, MusclePharm MuscleGel®, MusclePharm Shred Matrix®, and Re-Con®. These products are comprised of amino acids, herbs, and proteins tested by our scientists for the overall health of athletes. We developed these nutritional supplements to enhance the effects

of workouts, repair muscles, and nourish the body for optimal physical fitness.

Our Growth and Core Marketing Strategy

Our primary growth strategy is to:

· increase our product distribution and sales through increased market penetrations both domestically and internationally;

· increase our margins by focusing on streamlining our operations and seeking operating efficiencies in all areas of our operations;

· continue to conduct additional testing of the safety and efficacy of our products and formulate new products; and

· increase awareness of our products by increasing our marketing and branding opportunities through endorsements, sponsorships and brand extensions.

Our core marketing strategy is to brand MusclePharm as the “must have” fitness brand for workout enthusiasts and elite athletes. We seek to be known as the athlete’s company, run by athletes who create their products for other athletes both professional and otherwise. We believe that our marketing mix of endorsers, sponsorships and providing sample products for our retail resellers to use is an optimal strategy to increase sales.

Recent Developments

We have recently experienced significant growth in our product sales. Our net sales for the years ended December 31, 2010 and 2011 were \$3.2 million and \$17.2 million, respectively. Our net sales for the six months ended June 30, 2011 and 2012 were \$6.4 million and \$32.0 million, respectively.

Conversion of Warrants into Common Stock

In late September 2012, we issued 670,364 shares of our common stock to several accredited investors pursuant to conversions of warrants to purchase an aggregate of 946,438 shares of common stock of the Company.

As a result of these warrant conversions and other extinguishments of derivative liabilities during the quarter ended September 30, 2012, our pro forma adjusted capitalization as of June 30, 2012 reflects a decrease in stockholders' deficit from approximately \$11,417,000 to approximately \$6,815,000 and a reduction in our derivative liabilities as of June 30, 2012 from approximately \$7,909,000 to approximately \$25,000. All of these stock issuances, warrant conversions and extinguishments of derivative liabilities will be reflected in our financial statements as of and for the three and nine months ended September 30, 2012.

Proportionate Reverse Stock Split and Increase in Number of Authorized Shares of Common Stock

On October 15, 2012, our board of directors approved (i) a 1-for-650 reverse stock split of our common stock, including a proportionate reduction in the number of authorized shares of our common stock from 2.5 billion shares to 3,846,153 shares of common stock, which we intend to effect prior to the offering of these securities; and (ii) an amendment to our articles of incorporation to increase the number of authorized common stock (post reverse stock-split) from 3,846,153 to 100 million, and recommended the proposal for approval to the holders having the power to vote with respect to the common stock.

On October 18, 2012, the holders of our Series B Preferred Stock, who hold approximately 50.99% of the total voting power of all issued and outstanding voting capital of the Company, approved the amendment to the articles of incorporation by written consent in lieu of a meeting in accordance with Nevada law. See "Description of Securities" beginning on page 57 of this prospectus.

Selected Risks Associated With Our Business

Our business is subject to numerous risks described in the section entitled “Risk Factors” and elsewhere in this prospectus. You should carefully consider these risks before making an investment. Some of these risks include:

Our independent auditors have expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain future financing;

Our business and operations are experiencing rapid growth. If we fail to effectively manage our growth, our business and operating results could be harmed;

Our failure to respond appropriately to competitive challenges, changing consumer preferences and demand for new products could significantly harm our customer relationships and product sales;

Our management has determined that our disclosure controls and procedures are ineffective which could result in material misstatements in our financial statements;

If we fail to comply with the rules under the Sarbanes-Oxley Act of 2002 related to disclosure controls and procedures, or, if we discover material weaknesses and other deficiencies in our internal control and accounting procedures, our stock price could decline significantly and raising capital could be more difficult;

Our industry is highly competitive, and our failure to compete effectively could adversely affect our market share, financial condition and future growth;

We rely on a limited number of customers for a substantial portion of our sales, and the loss of or material reduction in purchase volume by any of these customers would adversely affect our sales and operating results;

Adverse publicity or consumer perception of our products and any similar products distributed by others could harm our reputation and adversely affect our sales and revenues;

We rely on highly skilled personnel and, if we are unable to retain or motivate key personnel, hire qualified personnel, we may not be able to grow effectively;

If we are unable to retain key personnel, our ability to manage our business effectively and continue our growth could be negatively impacted;

If we are unable to retain key personnel, our ability to manage our business effectively and continue our growth could be negatively impacted;

Our operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectations;

We may be exposed to material product liability claims, which could increase our costs and adversely affect our reputation and business;

Our insurance coverage or third party indemnification rights may not be sufficient to cover our legal claims or other losses that we may incur in the future;

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brand;

We may be subject to intellectual property rights claims, which are costly to defend, could require us to pay damages and