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

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

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

FOR THE TRANSITION PERIOD FROM TO

Commission file number 000-30489

LIFEVANTAGE CORPORATION

(Exact name of Registrant as specified in its charter)

COLORADO
(State or other jurisdiction of
incorporation or organization)

90-0224471
(IRS Employer
Identification No.)

10813 S. River Front Parkway, Ste. 500, South Jordan, UT 84095
(Address of principal executive offices)

(858) 312-8000
(Registrant's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

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 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

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

The number of shares outstanding of the issuer's common stock, par value \$0.001 per share, as of November 1, 2011 was 99,296,293.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report and the information incorporated by reference herein may contain “forward-looking statements” (as such term is defined in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended). These statements, which involve risks and uncertainties, reflect our current expectations, intentions, or strategies regarding our possible future results of operations, performance, and achievements. Forward-looking statements include, without limitation: statements regarding future products or product development; statements regarding future selling, general and administrative costs and research and development spending; statements regarding our product development strategy; statements regarding the future performance of our network marketing sales channel; and statements regarding future financial performance, results of operations, capital expenditures and sufficiency of capital resources to fund our operating requirements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and applicable rules of the Securities and Exchange Commission and common law.

These forward-looking statements may be identified in this report and the information incorporated by reference by words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “plan”, “predict”, “project”, “should” and similar terms and expressions, including references to assumptions and strategies. These statements reflect our current beliefs and are based on information currently available to us. Accordingly, these statements are subject to certain risks, uncertainties, and contingencies, which could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, such statements.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- Limited operating history;
- Our ability to successfully expand our operations and manage our future growth;
- Difficulty in managing growth and expansion;
- We reported material weaknesses in our internal control over financial reporting, and if we are unable to improve our internal control over financial reporting, our financial results may not be accurately reported;
- Reliance on information technology systems;
- We may need to raise additional capital;
- The deterioration of global economic conditions and the decline of consumer confidence and spending;
- Environmental liabilities stemming from past operations and property ownership;
- Significant dependence upon a single product;
- Competition in the dietary supplement market;
- The potential failure or unintended negative consequences of our network marketing sales channel;
- Our ability to retain independent distributors or to hire new independent distributors on an ongoing basis;
- The potential for government or third party actions against us resulting from independent distributor activities that violate applicable laws or regulations;
- Our business is subject to strict government regulations;
- Our ability to continue to innovate and provide products that are useful to consumers;
- Our ability to protect our intellectual property rights and the value of our product;
- The effect of current and future government regulations of the network marketing and dietary supplement industries on our business;
- The effect of unfavorable publicity on our business;
- We are subject to the risk of investigatory and enforcement action by the FTC;
- The potential for third party and governmental actions involving our network marketing sales channel;
- The potential for product liability claims against us;
- Our dependence on third party manufacturers to manufacture our product;

[Table of Contents](#)

- The ability to obtain raw material for our product;
- Product returns may adversely affect our business;
- Loss of key personnel could negatively impact our business;
- We may not succeed in growing existing markets or opening new markets;
- Economic, political and other risks associated with international operations could adversely affect our business;
- Our stock is classified as a penny stock;
- If we need additional financings in the future it could result in additional dilution;
- If holders of our existing warrants and options exercise their securities it would materially dilute the outstanding voting shares and could cause our stock price to decline;
- The market price of our securities could be adversely effected by the sales of restricted securities;
- Our stock price may experience future volatility;
- The illiquidity of our common stock;
- Substantial sales of shares of our common stock;
- Dilutive effects of outstanding warrants and options;
- We have not nor do we intend to issue dividends;
- Other factors not specifically described above, including the other risks, uncertainties, and contingencies described under “Description of Business”, “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Items 1 and 7 of our Annual Report on Form 10-K for the year ended June 30, 2011.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this report and the documents incorporated by reference. We have no obligation and do not undertake to update or revise any such forward-looking statements to reflect events or circumstances after the date of this report.

[Table of Contents](#)

LIFEVANTAGE CORPORATION

INDEX

	<u>PAGE</u>
PART I. Financial Information	5
Item 1. Financial Statements:	5
Condensed Consolidated Balance Sheets (unaudited) –September 30, 2011 and June 30, 2011	5
Condensed Consolidated Statements of Operations and Other Comprehensive Income (unaudited) — For the Three Month Periods Ended September 30, 2011 and 2010	6
Condensed Consolidated Statement of Stockholders’ Deficit- For the Three Month Period Ended September 30, 2011	7
Condensed Consolidated Statements of Cash Flows (unaudited) — For the Three Month Periods Ended September 30, 2011 and 2010	8
Notes to Condensed Consolidated Financial Statements (unaudited)	9
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3. Quantitative and Qualitative Disclosures About Market Risk	19
Item 4. Controls and Procedures	19
PART II. Other Information	21
Item 1. Legal Proceedings	21
Item 1A. Risk Factors	21
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	21
Item 3. Defaults Upon Senior Securities	21
Item 4. (Removed and Reserved)	21
Item 5. Other Information	21
Item 6. Exhibits	21
Signatures	22

[Table of Contents](#)**PART I Financial Information****Item 1. Financial Statements**LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	As of,	
	September 30, 2011	June 30, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,437,418	\$ 6,370,974
Marketable securities, available for sale	350,000	350,000
Accounts receivable, net	1,315,996	941,802
Inventory	2,756,298	2,124,663
Prepaid expenses and deposits	655,386	487,812
Total current assets	14,515,098	10,275,251
Long-term assets		
Property and equipment, net	553,206	227,811
Intangible assets, net	1,944,768	1,963,277
Deposits	92,173	32,173
TOTAL ASSETS	\$ 17,105,245	\$ 12,498,512
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 1,209,692	\$ 799,210
Commissions payable	2,398,011	1,999,969
Reserve for sales returns	625,525	435,135
Other accrued expenses	2,464,248	2,242,222
Customer deposits	34,815	33,893
Revolving line of credit and accrued interest	433,948	433,984
Short-term derivative liabilities	6,846,205	7,435,883
Total current liabilities	14,012,444	13,380,296
Long-term liabilities		
Deferred rent	17,647	21,017
Capital lease obligation	17,163	—
Derivative liabilities	19,262,075	19,905,401
Total liabilities	33,309,329	33,306,714
Commitments and contingencies		
Stockholders' deficit		
Preferred stock — par value \$0.001 per share, 50,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock — par value \$0.001 per share, 250,000,000 shares authorized and 99,281,084 and 98,794,499 issued and outstanding as of September 30, 2011 and June 30, 2011, respectively	99,281	98,795
Additional paid-in capital	68,401,642	67,606,293
Accumulated deficit	(84,729,440)	(88,453,607)
Accumulated other comprehensive income/(loss)	24,433	(59,683)
Total stockholders' deficit	(16,204,084)	(20,808,202)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 17,105,245	\$ 12,498,512

The accompanying notes are an integral part of these condensed consolidated statements.

[Table of Contents](#)

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	For the three months ended September 30,	
	2011	2010
Sales, net	\$ 20,083,299	\$ 6,443,349
Cost of sales	2,956,779	1,020,135
Gross profit	17,126,520	5,423,214
Operating expenses:		
Sales and marketing	10,542,554	3,410,843
General and administrative	2,839,762	1,507,093
Research and development	234,556	109,793
Depreciation and amortization	79,855	50,716
Total operating expenses	13,696,727	5,078,445
Operating income	3,429,793	344,769
Other income (expense):		
Interest expense	(38,792)	(1,464,623)
Change in fair value of derivative liabilities	804,766	1,835,047
Total other income (expense)	765,974	370,424
Net income before income taxes	4,195,767	715,193
Income tax expense	(471,600)	—
Net income	\$ 3,724,167	715,193
Net income per share, basic	\$ 0.04	\$ 0.01
Net income (loss) per share, diluted	\$ 0.02	\$ (0.01)
Weighted average shares, basic	98,955,058	63,684,437
Weighted average shares, diluted	121,958,618	89,693,864
Currency translation adjustment	84,116	(14,328)
Other comprehensive income	\$ 3,808,283	\$ 700,865

The accompanying notes are an integral part of these condensed consolidated statements.

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(UNAUDITED)

	Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total
	Shares	Amount				
Balances, June 30, 2011	98,794,499	\$98,795	\$67,606,293	\$(88,453,607)	\$ (59,683)	\$(20,808,202)
Options/Warrants issued for services	—	—	355,221	—	—	355,221
Exercise of options and warrants	486,585	486	440,128	—	—	440,614
Currency translation adjustment	—	—	—	—	84,116	84,116
Net income	—	—	—	3,724,167	—	3,724,167
Balances, September 30, 2011	<u>99,281,084</u>	<u>\$99,281</u>	<u>\$68,401,642</u>	<u>\$(84,729,440)</u>	<u>\$ 24,433</u>	<u>\$(16,204,084)</u>

The accompanying notes are an integral part of these condensed consolidated statements.

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended September 30,	
	2011	2010
Cash Flows from Operating Activities:		
Net income	\$3,724,167	\$ 715,193
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	79,855	50,716
Stock based compensation to employees	250,771	85,560
Stock based compensation to non-employees	104,450	29,597
Non-cash interest expense from convertible debentures	—	1,063,858
Non-cash interest expense from amortization of deferred offering costs	—	284,707
Change in fair value of derivative liabilities	(804,766)	(1,835,047)
Changes in operating assets and liabilities:		
Increase in accounts receivable, net	(374,194)	(48,882)
(Increase)/decrease in inventory	(631,635)	9,965
Increase in prepaid expenses and deposits	(167,574)	(227,874)
Increase in long-term deposits	(60,036)	—
Increase/(decrease) in accounts payable	410,482	(36,293)
Increase in customer deposits	922	—
Increase in accrued expenses	810,458	550,151
Decrease in deferred rent	(3,370)	—
Net Cash Provided by Operating Activities	3,339,530	641,651
Cash Flows Provided by Investing Activities:		
(Purchase) of equipment	(354,807)	(4,455)
(Purchase) of intangible assets	(14,381)	(3,484)
Net Cash Used by Investing Activities	(369,188)	(7,939)
Cash Flows from Financing Activities:		
Principal payments under capital lease obligation	(390)	—
Issuance of common stock and warrants	12,376	—
Net Cash Provided by Financing Activities	11,986	—
Foreign Currency Effect on cash	84,116	(14,328)
Increase in cash and cash equivalents	3,066,444	619,384
Cash and Cash Equivalents — beginning of period	6,370,974	1,637,676
Cash and Cash Equivalents — end of period	9,437,418	2,257,060
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Conversion of long-term debt to common stock	—	\$ 1,629,175
Conversion of derivative to common stock	—	\$ 2,722,372
Write down of deferred offering costs related to conversion of debt	—	\$ 132,507
Non-cash assets acquired under a capital lease	\$ 17,553	—
Cash paid for interest expense	\$ 3,535	\$ 116,058
Cash paid for income taxes	\$ 161,599	—

The accompanying notes are an integral part of these condensed consolidated statements.

LIFEVANTAGE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

These unaudited Condensed Consolidated Financial Statements and Notes should be read in conjunction with the audited financial statements and notes of LifeVantage Corporation as of and for the year ended June 30, 2011 included in our annual report on Form 10-K.

Note 1 — Organization and Basis of Presentation:

The condensed consolidated financial statements included herein have been prepared by us, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of the management of LifeVantage Corporation (“LifeVantage” or the “Company”), these interim Financial Statements include all adjustments, consisting of normal recurring adjustments, that are considered necessary for a fair presentation of our financial position as of September 30, 2011, and the results of operations for the three month periods ended September 30, 2011 and 2010 and the cash flows for the three month periods ended September 30, 2011 and 2010. Interim results are not necessarily indicative of results for a full year or for any future period.

The condensed consolidated financial statements and notes included herein are presented as required by Form 10-Q, and do not contain certain information included in our audited financial statements and notes for the fiscal year ended June 30, 2011 pursuant to the rules and regulations of the SEC. For further information, refer to the financial statements and notes thereto as of and for the year ended June 30, 2011, and included in the Annual report on Form 10-K on file with the SEC.

Note 2 — Summary of Significant Accounting Policies:

Consolidation

The accompanying financial statements include the accounts of LifeVantage Corporation and our wholly-owned subsidiaries Lifeline Nutraceuticals Corporation (“LNC”), LifeVantage de México, S. de R.L. de C.V. (Limited Liability Company), Importadora LifeVantage, S. de R.L. de C.V. (Limited Liability Company), and Servicios Administrativos para la Importación de Productos Body & Skin, S.C. All inter-company accounts and transactions between the entities have been eliminated in consolidation.

Translation of Foreign Currency Statements

We translate the financial statements of our foreign entities by using the current exchange rate. For assets and liabilities, the exchange rate at the balance sheet date is used. For any investment in subsidiaries and retained earnings, the historical exchange rate is used. For revenue, expenses, gains, and losses, an appropriately weighted average exchange rate for the period is used.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements. Actual results could differ from those estimates.

Fair Value Measurements

Fair value measurement requirements are embodied in certain accounting standards applied in the preparation of our financial statements. Significant fair value measurements include our embedded derivative liabilities. See Note 6 — Stockholders Equity for disclosures related to our common stock and warrant financing arrangements. The fair value hierarchy is defined below:

Fair value hierarchy:

- (1) Level 1 inputs are quoted prices in active markets for identical assets and liabilities.
- (2) Level 2 inputs are inputs which include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the financial instrument.
- (3) Level 3 inputs are unobservable inputs and significant to the fair value measurement.

[Table of Contents](#)

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The summary of fair values of financial instruments is as follows at September 30, 2011:

Instrument:	Fair value	Carrying Value	Level	Valuation Methodology
Investments	\$ 350,000	\$ 350,000	2	Market price
Derivative warrant liabilities	\$26,108,280	\$26,108,280	3	Black-Scholes

The summary of fair values of financial instruments is as follows at June 30, 2011:

Instrument:	Fair value	Carrying Value	Level	Valuation Methodology
Investments	\$ 350,000	\$ 350,000	2	Market price
Derivative warrant liabilities	\$27,341,284	\$27,341,284	3	Black-Scholes

The following represents a reconciliation of the changes in fair value of financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three months ended September 30, 2011 and the year ended June 30, 2011:

	September 30, 2011	June 30, 2011
Beginning balance: Derivative liabilities	\$27,341,284	\$ 18,567,450
Total (gains) losses	(804,766)	48,454,271
Purchases, sales, issuances and settlements, net	(428,238)	(39,680,437)
Ending balance: Derivative liabilities	<u>\$26,108,280</u>	<u>\$ 27,341,284</u>

Cash and Cash Equivalents

We consider only our monetary liquid assets with original maturities of three months or less as cash and cash equivalents.

Accounts Receivable

Accounts receivable at September 30, 2011 consist primarily of credit card receivables including a percentage holdback by the credit card processor. The holdback balance at September 30, 2011 was \$1,039,001. Based on the Company's verification process for customer credit cards and historical information available, management has determined that an allowance for doubtful accounts on credit card sales related to its direct and independent distributor sales as of September 30, 2011 is not necessary. No bad debt expense has been recorded for the three months ended September 30, 2011 or the year ended June 30, 2011.

Investments

In 2008 we invested in auction rate preferred securities of closed-end funds ("ARPS") to maximize interest income. We have classified these investments as available for sale in the balance sheet.

Inventory

Inventory is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method. We have capitalized payments to our contract product manufacturer for the acquisition of raw materials and commencement of the manufacturing, bottling and labeling of our product. As of September 30, 2011 and June 30, 2011, inventory consisted of:

	September 30, 2011	June 30, 2011
Finished goods	\$ 1,973,515	\$ 736,103
Raw materials	782,783	1,388,560
Total inventory	<u>\$ 2,756,298</u>	<u>\$2,124,663</u>

[Table of Contents](#)

Revenue Recognition

We ship the majority of our product directly to the consumer via UPS and receive substantially all payment for these sales in the form of credit card charges. Revenue from direct product sales to customers is recognized upon passage of title and risk of loss to customers when product is shipped from the fulfillment facility. Sales revenue and estimated returns are recorded when product is shipped. Our return policy is to provide a 30-day money back guarantee on orders placed by customers. After 30 days, we do not issue refunds to direct sales customers for returned product. In the network marketing sales channel, we allow terminating distributors to return unopened unexpired product that they have purchased within the prior twelve months, subject to certain consumption limitations. To date, returns from terminating distributors have been negligible. Our return rate for sales directly to consumers and sales through our network channel are based on our historical experience which we analyze on a regular basis. As of September 30, 2011 and June 30, 2011, our reserve balance for returns and allowances was \$625,525 and \$435,135, respectively.

Income/(Loss) per share

Basic income or loss per share is computed by dividing the net income or loss by the weighted average number of common shares outstanding during the period. Diluted earnings per common share are computed by dividing net income by the weighted average common shares and potentially dilutive common share equivalents. For the three month period ended September 30, 2011 the effects of approximately 515,000 common shares, respectively, issuable upon exercise of options granted through our 2007 and 2010 Long-Term Incentive Plans are not included in computations because their effect was anti-dilutive. For the three month period ended September 30, 2010 the effects of approximately 3.5 million common shares issuable pursuant to options granted through our 2007 Long-Term Incentive Plan are not included in computations because their effect was anti-dilutive.

Segment Information

Our operations are aggregated into a single reportable operating segment based upon similar economic and operating characteristics as well as similar markets. Our operations are also subject to similar regulatory environments. We conduct our operations in the U.S., Japan and Mexico. Substantially all long-lived assets are located in the U.S. Revenues by geographic area are as follows:

	Three months ended September 30,	
	2011	2010
Revenues from unaffiliated customers		
U.S. operations	\$ 15,220,945	\$ 5,148,078
Japan operations	4,765,951	1,241,331
Mexico operations	96,403	53,940
Total revenues	<u>\$ 20,083,299</u>	<u>\$ 6,443,349</u>

[Table of Contents](#)

Research and Development Costs

We expense all costs related to research and development activities as incurred. Research and development expenses for the three month periods ended September 30, 2011 and 2010 were \$234,556 and \$109,793, respectively.

Shipping and Handling

Shipping and handling costs associated with inbound freight and freight out to customers, including independent distributors, are included in cost of sales. Shipping and handling fees charged to all customers are included in sales.

Stock-Based Compensation

In certain circumstances, we issued common stock for invoiced services and in other similar situations to pay contractors and vendors. Payments in equity instruments to non-employees for goods or services are accounted for using the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued.

Derivative Financial Instruments

We do not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. However, we have entered into certain other financial instruments and contracts, such as freestanding warrants and embedded conversion features on convertible debt instruments that are not afforded equity classification. These instruments are required to be carried as derivative liabilities, at fair value, in our consolidated financial statements.

Derivative financial instruments consist of financial instruments or other contracts that contain a notional amount and one or more underlying variables (e.g. interest rate, security price or other variable), require no initial net investment and permit net settlement. Derivative financial instruments may be free-standing or embedded in other financial instruments. Further, derivative financial instruments are initially, and subsequently, measured at fair value and recorded as liabilities or, in rare instances, assets.

We estimate fair values of derivative financial instruments using various techniques that are considered to be consistent with the objective measurement of fair values. In selecting the appropriate technique, we consider, among other factors, the nature of the instrument, the market risks that it embodies and the expected means of settlement. For less complex derivative instruments, such as freestanding warrants, we generally use the Black Scholes Merton option valuation technique, adjusted for the effect of dilution, because it embodies all of the requisite assumptions (including trading volatility, estimated terms, and risk free rates) necessary to fairly value these instruments. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques are highly volatile and sensitive to changes in the trading market price of our common stock. Since derivative financial instruments are initially and subsequently carried at fair values, our income or loss will reflect the volatility in changes to these estimates and assumptions.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the effective date of the change. As of September 30, 2011 we have recognized income tax expense of \$471,600 which is our estimated Federal and state income tax liability for the three months ended September 30, 2011. Realization of our deferred tax asset is dependent upon future earnings in specific tax jurisdictions, the timing and amount of which are uncertain. We continue to evaluate the realizability of the deferred tax asset, based upon achieved and estimated future results. If it is determined that it is more likely than not that the deferred tax asset will be realized, we will reverse all or a portion of the allowance as deemed appropriate. The difference between the effective rate of 11.23% and the Federal statutory rate of 34% is due to the change in our valuation allowance account, state income taxes (net of federal benefit), and certain permanent differences between our taxable and book income.

[Table of Contents](#)

Effective January 1, 2009, we account for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. We measure the tax benefits recognized in the financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The application of income tax law is inherently complex. As such, we are required to make certain subjective assumptions and judgments regarding income tax exposures. The result of the reassessment of our tax positions did not have an impact on the consolidated financial statements.

Concentration of Credit Risk

We disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments with significant credit risk include cash and investments. At September 30, 2011, we had \$8,723,977 in cash accounts at one financial institution, approximately \$480,794 in foreign bank accounts and \$232,647 in an investment management account at another financial institution. As of September 30 and June 30, 2011 the Company's cash balances exceeded federally insured limits.

Effect of New Accounting Pronouncements

We have reviewed recently issued, but not yet effective, accounting pronouncements and do not believe any such pronouncements will have a material impact on our financial statements.

Note 3 — Investments

In 2008 we invested in auction rate preferred securities of closed-end funds ("ARPS") to maximize interest income. We considered investments in these instruments as available for sale in accordance with relevant accounting guidance.

ARPS have historically been liquid but have been adversely affected by the broader national liquidity crisis. We entered into an agreement with our investment advisor, Stifel Nicolaus, to repurchase 100% of the remaining ARPS at par on or prior to June 30, 2012.

We have established a line of credit to borrow against 80% of these investments so that sales of these securities would not have to occur in order to fund our operating needs. The balance of the investments is classified as short-term as of September 30, 2011.

As of September 30, 2011, in light of the plan for repurchase and the repurchases made during the year, management has determined that there has not been a change in the fair value of the securities owned. We have not recorded any impairment related to these investments, as management does not believe that the underlying credit quality of the assets has been impacted by the reduced liquidity of these investments. In addition, no unrealized gain or loss has been recorded on these assets. We consider the inputs to valuation of these securities as level 2 inputs in the fair value hierarchy.

Note 4 — Line of Credit

We established a line of credit to borrow up to 80% of our investments with Stifel Nicolaus. As of September 30, 2011, we can borrow up to \$464,000. The line is collateralized by our auction rate securities. The interest rate charged through September 30, 2011, 3.00 percent, is 0.25 percentage points below the published Wall Street Journal Prime Rate, which was 3.25 percent as of September 30, 2011. At September 30, 2011, we have borrowed approximately \$433,948 including accrued interest, from the line.

Note 5 — Stockholders' Equity

During the three months ended September 30, 2011 we issued 486,585 shares of common stock as a result of the exercise of warrants and options.

Our Articles of Incorporation authorize the issuance of preferred shares. However, as of September 30, 2011, none have been issued nor have any rights or preferences been assigned to the preferred shares by our Board of Directors.

Note 6 — Stock-based Compensation

We adopted and the shareholders approved the 2007 Long-Term Incentive Plan (the "2007 Plan"), effective November 21, 2006,

[Table of Contents](#)

to provide incentives to certain eligible employees, directors and consultants. A maximum of 10,000,000 shares of our common stock can be issued under the 2007 Plan in connection with the grant of awards. Awards to purchase common stock have been granted pursuant to the 2007 Plan and are outstanding to various employees, officers, directors, independent distributors and Scientific Advisory Board (“SAB”) members at prices between \$0.21 and \$0.76 per share, vesting over one- to three-year periods. Awards expire in accordance with the terms of each award and the shares subject to the award are added back to the 2007 Plan upon expiration of the award. As of September 30, 2011, awards for the purchase of an aggregate of 8,173,660 shares of our common stock are outstanding under the 2007 Plan.

We adopted and the shareholders approved the 2010 Long-Term Incentive Plan (the “2010 Plan”), effective September 27, 2010, to provide incentives to certain eligible employees, directors and consultants. A maximum of 3,500,000 shares of our common stock can be issued under the 2010 Plan in connection with the grant of awards. As of September 30, 2011 there were 2,412,000 awards outstanding under the 2010 Plan.

Payments in equity instruments for goods or services are accounted for under the guidance of share based payments, which require use of the fair value method. We have adjusted the expense for the anticipated forfeitures. Compensation based options totaling 87,500 and 58,000 were granted for the three month periods ended September 30, 2011 and 2010 respectively.

For the three months ended September 30, 2011, stock based compensation of \$355,221 was reflected as an increase to additional paid in capital. Of the stock based compensation for the three months ended September 30, 2011, \$250,771 was employee related and \$104,450 was non-employee related. For the three months ended September 30, 2010, stock based compensation of \$115,157 was reflected as an increase to additional paid in capital. Of the stock based compensation for the three months ended September 30, 2010, \$85,560 was employee related and \$29,597 was non-employee related.

Compensation expense was calculated using the fair value method during the three month periods ended September 30, 2011 and 2010 using the Black-Scholes option pricing model. The following assumptions were used for options and warrants granted during the three month periods ended September 30, 2011 and 2010:

1. risk-free interest rates of between 0.93 and 0.95 percent for the three months ended September 30, 2011 and 1.33 and 1.62 percent for the three months ended September 30, 2010;
2. dividend yield of -0- percent;
3. expected life of 3 to 6 years; and
4. a volatility factor of the expected market price of our common stock of 137 percent for the three months ended September 30, 2011 and between 128 and 129 percent for the three months ended September 30, 2010.

Note 7 — Subsequent Events

On October 14, 2011, LifeVantage was sued in state court in Salt Lake County, Utah. The other named defendants are three LifeVantage executives — President of LifeVantage Network David Brown, Vice President Compliance Eric Marchant, and Chief Operating Officer Kirby Zenger. The plaintiffs in the lawsuit are Backbone Worldwide, Inc. (“Backbone”), and Burke Hedges. Backbone was formerly an independent distributor with LifeVantage. Hedges is the principal of Backbone. The lawsuit alleges that LifeVantage breached and improperly terminated its distributor agreement with Backbone, and also that the defendants defamed Hedges. The lawsuit seeks over \$5 million in compensatory damages, and over \$3 million in punitive damages, as well as attorneys’ fees and costs. The Company believes the allegations are without merit and intends to vigorously defend the lawsuit.

On September 22, 2011, the Company signed a sixty-six month lease for approximately 20,805 square feet of office space at 9815 South Monroe Street, Sandy UT. The lease term commences upon the earlier of delivery of possession or opening of the Company for business at the premises.

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

The following discussion and analysis contains forward-looking statements within the meaning of the federal securities laws. We urge you to carefully review our description and examples of forward-looking statements included in the section entitled “Cautionary Note Regarding Forward-Looking Statements” at the beginning of this report. Forward-looking statements speak only as of the date of this report and we undertake no obligation to publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this report. Actual events or results may differ materially from such statements. In evaluating such statements, we urge you to specifically consider various factors identified in this report, including the matters set forth below in Part II, Item 1A of this report, any of which could cause actual results to differ materially from those indicated by such forward-looking statements. The following discussion and analysis should be read in conjunction with the accompanying financial statements and related notes, as well as the Financial Statements and related notes in our Annual report on Form 10-K for the fiscal year ended June 30, 2011 and the risk factors discussed therein.

Overview

The following discussion and analysis reviews the financial condition and results of operations of LifeVantage Corporation (the “Company”, “LifeVantage”, or “we”, “us” or “our”) and its wholly-owned subsidiaries Lifeline Nutraceuticals Corporation (“LNC”), LifeVantage de México, S. de R.L. de C.V. (Limited Liability Company), Importadora LifeVantage, S. de R.L. de C.V. (Limited Liability Company), and Servicios Administrativos para la Importación de Productos Body & Skin, S.C.

We are a science-based company engaged in the identification, research, development, manufacture and distribution of an advanced nutraceutical dietary supplement, Protandim[®], and an anti-aging skin care product, TrueScience[®], to meet important health and wellness needs. We are focusing our ongoing research efforts on oxidative stress solutions, particularly the activation of Nuclear factor (erythroid-derived 2)-like 2, also known as Nrf2, as they relate to cardiovascular, central nervous system, inflammatory, metabolic diseases and other health related disorders.

We sell our products primarily through our network marketing sales channel utilizing independent distributors. Our revenue depends significantly upon the number and productivity of our independent distributors who market and sell our products and recruit new distributors based on the distinguishing benefits and innovative characteristics of our products. We have developed a distributor compensation plan and other incentives designed to motivate our independent distributors to market and sell our products and to build sales organizations. If we experience delays or difficulties in introducing compelling products or attractive initiatives to independent distributors, our revenue and our business may be adversely affected.

Our Products

Our products are Protandim[®] and LifeVantage TrueScience[®] Anti-Aging Cream, or LifeVantage TrueScience[®], which incorporates ingredients in Protandim[®] and other proprietary ingredients. Protandim[®] is a proprietary blend of ingredients that has been shown to combat oxidative stress by increasing the body’s natural antioxidant protection at the genetic level, inducing the production of naturally-occurring protective antioxidant enzymes including superoxide dismutase, catalase, and glutathione synthase.

We sell Protandim[®] and LifeVantage TrueScience[®] primarily through our network marketing sales channel to our direct independent distributors, preferred and retail customers.

To date, we have focused our research efforts on investigating various aspects and consequences of the imbalance of oxidants and antioxidants, an abnormality, which is a central underlying feature in many disorders. Specifically we have targeted the ability of Protandim[®] to activate Nrf2. Nrf2 is the master regulator of the antioxidant response, which is important for the amelioration of oxidative stress. We intend to continue our research, development, and documentation of the efficacy of Protandim[®] to provide credibility to the market. We also anticipate undertaking research, development, testing, and licensing efforts to be able to introduce additional products in the future, although we may not be successful in this endeavor.

[Table of Contents](#)

Protandim® has been, is currently, or is planned to be the subject of, approximately 25 independent scientific studies at various universities and research facilities. The nature and stages of the studies vary, as some are still in planning stages, while other studies are currently in progress or completed. The universities and institutions involved in this research include the University of Colorado; Colorado State University; Children's Hospital, Denver; Virginia Commonwealth University; Louisiana State University; Ohio State University; Northwestern University; the University of Utah; Harvard University; and VU University Medical Center, Amsterdam. The various studies deal with the alleviation of oxidative stress under the following conditions: altitude sickness, non-alcoholic steatohepatitis, lung antioxidant status in withdrawing alcoholics, autonomic physiology and aging, skin cancer, multiple sclerosis, HIV/AIDS-associated lipodystrophy, pulmonary hypertension, heart disease, coronary artery bypass graft failure, asthma, Duchenne muscular dystrophy, and experimental allergic encephalomyelitis.

Net revenue from Protandim®, TrueScience® and related marketing materials totaled \$20,083,299 and \$6,443,349 for the three months ended September 30, 2011 and 2010, respectively.

Three Months Ended September 30, 2011 Compared to the Three Months Ended September 30, 2010

Revenue We generated net sales of \$20,083,299 during the three months ended September 30, 2011, and generated net sales of \$6,443,349 during the three months ended September 30, 2010. The increase in sales of \$13,639,950 is due to increased volume through the network marketing sales channel in the U.S., Mexico and Japan. U.S. sales accounted for \$10,072,867 of the increase, Japan sales accounted for \$3,524,620 of the increase and Mexico sales accounted for \$42,463 of the increase. During the three month period ended September 31, 2011, substantially all of our sales and marketing effort was directed toward building this channel.

Gross Margin Our gross profit percentage for the three month periods ended September 30, 2011 and 2010 was 85% and 84%. The slightly higher gross margins we have experienced are primarily due to efficiencies and reductions in warehousing and distribution costs as a percentage of revenue. We expect the gross margin percentages for this sales channel to remain in this range for the foreseeable future.

Operating Expenses Total operating expenses for the three months ended September 30, 2011 were \$13,696,727 as compared to operating expenses of \$5,078,445 for the three months ended September 30, 2010. Operating expenses consist of sales and marketing expenses, general and administrative expenses, research and development, and depreciation and amortization expenses.

Sales and Marketing Expenses Sales and marketing expense increased from \$3,410,843 for the three months ended September 30, 2010 to \$10,542,554 for the three months ended September 30, 2011. This increase was due primarily to commissions paid to distributors due to the higher sales volume. We expect continued increases in sales and marketing expenses as our sales increase.

General and Administrative Expenses Our general and administrative expense increased from \$1,507,093 for the three months ended September 30, 2010 to \$2,839,762 for the three months ended September 30, 2011. The increase of \$1,332,669 is primarily due to increased headcount, bonus accruals, higher stock based compensation expense and legal expenses. We expect general and administrative expenses to remain relatively stable, however there will be some periodic increases associated with additional personnel required to support our growth.

Research and Development Our research and development expenses increased from \$109,793 for the three months ended September 30, 2010 to \$234,556 for the three months ended September 30, 2011. The increase of \$124,763 is primarily a result of an increase in salaries and benefits. Continued investment in research and development is a company priority and we intend to commit up to approximately 2% of our total net sales in future periods for research and development efforts. The recognition and timing of these expenses will be dependent upon entry into specific research and development projects, which are still in the planning stages.

Depreciation and Amortization Expense Depreciation and amortization expense increased from \$50,716 during the three months ended September 30, 2010 to \$79,855 during the three months ended September 30, 2011. The increase for the three month period was due primarily to assets purchased during the quarter ended September 30, 2011 to support our continuing growth.

Net Other Income (Expense) We recognized net other income of \$765,974 during the three months ended September 30, 2011 as compared to net other income of \$370,424 during the three months ended September 30, 2010. The increase of \$395,550 consists of \$1,425,831 decrease in interest expense due to the conversion of our convertible debentures in the prior year which is partially offset by a decrease in the income recognized from the change in fair value of derivative liabilities of \$1,030,281.

Income Tax Expense We recognized \$471,600 income tax expense for the three month period ended September 30, 2011 as

[Table of Contents](#)

compared to none for the three months ended September 2010. The income tax expense reflects our estimated liability for Federal and state income taxes for the three months ended September 30, 2011. We are analyzing the valuation allowance we maintain for our deferred tax asset. We anticipate releasing the valuation allowance when it is more likely than not that we will realize the asset.

Net Income We recorded net income of \$3,724,167 for the three month period ended September 30, 2011 compared to net income of \$715,193 for the three month period ended September 30, 2010.

Liquidity and Capital Resources

Our primary liquidity and capital resource requirements are to finance our continued expansion into the network marketing sales channel. This includes the costs associated with additional support personnel, compensating our distributors, the manufacture and sale of our products, capital investments in systems and infrastructure and general and administrative expenses. In order to remain cash flow positive from operations, we must maintain or continue to increase sales and maintain or limit expense increases.

Our primary source of liquidity is cash generated from the sales of our products. As of September 30, 2011, our available liquidity was \$9,437,418, including available cash and cash equivalents. This represented an increase of \$3,066,444 from the \$6,370,974 in cash and cash equivalents as of June 30, 2011. Our cash provided by operating activities during the three month period ended September 30, 2011 increased to \$3,339,530 from \$641,651 for the three month period ended September 30, 2010 primarily as a result of increased revenues.

During the three months ended September 30, 2011, our net cash used by investing activities was \$369,188, due primarily to the purchase of fixed assets. During the three months ended September 30, 2010, our net cash used by investing activities was \$7,939 primarily due to the purchase of fixed and intangible assets.

Cash provided by financing activities during the three months ended September 30, 2011 was \$11,986 compared to cash provided by financing activities of \$0 during the three months ended September 30, 2010.

We maintain an investment portfolio of marketable securities that is managed by a professional financial institution. The portfolio includes auction rate private securities, or ARPS, of AA and AAA rated closed-end funds. These marketable securities which historically have been extremely liquid have been adversely affected by the broader national liquidity crisis.

We have a line of credit that is secured by the marketable securities that we hold, which allows us to borrow against 80% of the par value of these marketable securities. Marketable securities are classified as short term as they are due within one year.

At September 30, 2011, we had working capital (current assets minus current liabilities) of \$502,654, compared to negative working capital of \$(3,105,045) at June 30, 2011. The working capital as of September 30, 2011 is reduced by \$6,846,205 of short-term derivative warrant liabilities.

Our ability to finance future operations will depend on our existing liquidity and on our ability to generate continued revenues and profits from operations. We believe that existing cash on hand and future cash flow will be sufficient to allow us to continue operations for at least the next 12 months. A shortfall from projected sales levels would likely result in expense reductions, which could have a material adverse effect on our ability to continue operations at current levels. If we are unable to generate cash from operations at projected or otherwise sufficient levels, we may be required to seek additional funds through debt, equity or equity-based financing (such as convertible debt); however financing may not be available on favorable terms or at all. If we raise additional funds by selling additional shares of our capital stock, or securities convertible into shares of our capital stock, the ownership interest of our existing shareholders will be diluted. The amount of dilution could be increased by the issuance of warrants or securities with other dilutive characteristics, such as anti-dilution clauses or price resets.

Off-Balance Sheet Arrangements

As of September 30, 2011, we did not have any off-balance sheet arrangements.

Critical Accounting Policies

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America. As such, we are required to make certain estimates, judgments, and assumptions that we believe are reasonable based upon the

Table of Contents

information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates. Our significant accounting policies are described in Note 2 to our financial statements. Certain of these significant accounting policies require us to make difficult, subjective, or complex judgments or estimates. We consider an accounting estimate to be critical if (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

There are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. Management has discussed the development and selection of these critical accounting estimates with our board of directors, and the audit committee has reviewed the foregoing disclosure.

Allowances for Product Returns We record allowances for product returns at the time we ship the product based on estimated return rates. We base these accruals on the historical return rate since the inception of our selling activities, and the specific historical return patterns of the product.

We offer a 30-day, money back unconditional guarantee to all direct customers. As of September 30, 2011, approximately \$6,770,477 of our sales were subject to the money back guarantee. We replace product returned due to damage during shipment wholly at our cost, the total of which historically has been negligible. In addition, we allow terminating distributors to return 30% of unopened unexpired product that they purchased during the prior twelve months, subject to certain consumption limitations.

We monitor our return estimate on an ongoing basis and may revise the allowances to reflect our experience. Our allowance for product returns was \$625,525 at September 30, 2011, compared with \$435,135 at June 30, 2011. To date, product expiration dates have not played any role in product returns, and we do not expect product expiration dates to affect product returns in the foreseeable future because it is unlikely that we will ship product with an expiration date earlier than the latest allowable product return date.

Inventory Valuation We state inventories at the lower of cost or market on a first-in first-out basis. From time to time we maintain a reserve for inventory obsolescence and we base this reserve on assumptions about current and future product demand, inventory whose shelf life has expired and market conditions. From time to time, we may be required to make additional reserves in the event there is a change in any of these variables. We have recorded \$39,924 of reserve for obsolete inventory as of September 30, 2011 primarily for obsolete marketing materials.

Revenue Recognition We ship the majority of our product directly to the consumer through the direct to consumer and network marketing sales channels via United Parcel Service, (“UPS”), and receive substantially all payment for these shipments in the form of credit card charges. We recognize revenue from direct product sales to customers upon passage of title and risk of loss to customers when product is shipped from the fulfillment facility. Sales revenue and estimated returns are recorded when product is shipped.

Derivative Instruments In connection with the sale of debt or equity instruments, we may sell options or warrants to purchase our common stock. In certain circumstances, these options or warrants may be classified as derivative liabilities, rather than as equity. Additionally, the debt or equity instruments may contain embedded derivative instruments, such as conversion options, which in certain circumstances may be required to be bifurcated from the associated host instrument and accounted for separately as a derivative instrument liability.

The identification of, and accounting for, derivative instruments is complex. For options, warrants and any bifurcated conversion options that are accounted for as derivative instrument liabilities, we determine the fair value of these instruments using the Black-Scholes option pricing model. That model requires assumptions related to the remaining term of the instruments and risk-free rates of return, our current common stock price and expected dividend yield, and the expected volatility of our common stock price over the life of the instruments. Because of the limited trading history for our common stock, we have estimated the future volatility of our common stock price based on not only the history of our stock price but also the experience of other entities considered comparable to us. The identification of, and accounting for, derivative instruments and the assumptions used to value them can significantly affect our financial statements.

Intangible Assets — Patent Costs We review the carrying value of our patent costs and compare to fair value at least annually to determine whether the patents have continuing value. In determining fair value, we consider undiscounted future cash flows and market capitalization.

[Table of Contents](#)

Stock-Based Compensation We use the fair value approach to account for stock-based compensation in accordance with the modified version of prospective application.

Research and Development Costs We have expensed all of our payments related to research and development activities.

Recently Issued Accounting Standards

We have reviewed recently issued, but not yet effective, accounting pronouncements and do not believe any such pronouncements will have a material impact on our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Under the rules and regulations of the SEC, as a smaller reporting company we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of September 30, 2011, we conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of September 30, 2011 at the reasonable assurance level due to the material weaknesses in our internal control over financial reporting discussed immediately below.

Identified Material Weaknesses

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of our financial statements would not be prevented or detected on a timely basis by our employees in the normal course of performing their assigned functions. Management identified material weaknesses during our assessment of our internal control over financial reporting as of September 30, 2011. In particular, we concluded that we did not maintain:

1. Sufficient personnel with an appropriate level of accounting knowledge, experience and training in the selection and application of technical accounting principles in accordance with GAAP to support our financial accounting and reporting functions given that we did not continue to hire sufficient personnel considering our rapid growth; and
2. Adequate oversight of certain accounting functions and did not maintain adequate documentation of management review and approval of accounting transactions and financial reporting processes.

In conclusion, our Chief Executive Officer and Chief Financial Officer determined that we did not maintain effective internal control over financial reporting as of September 30, 2011.

Management's Remediation Initiatives

We are in the process of evaluating our material weaknesses. We have already begun to remediate the material weaknesses. In an effort to remediate the identified material weaknesses and other deficiencies and to enhance our internal control over financial reporting, we have initiated, or plan to initiate, the following series of measures:

1. Hire staff with experience managing and working in the corporate accounting department of a publicly traded company; and
2. Implement appropriate management oversight and approval activities.

During the quarter ended September 30, 2011 we hired a senior level controller with experience working in corporate accounting in a publicly traded company. We anticipate that the above initiatives will be at least partially, if not fully, implemented by March 2012. Additionally, we plan to test our updated controls and remediate our material weaknesses by June 30, 2012.

Conclusion

The above identified material weaknesses resulted in material audit adjustments to our 2011 financial statements. If the identified material weaknesses are not remediated, one or more of the identified material weaknesses noted above could result in a material misstatement in our reported financial statements in a future interim or annual period.

In light of the identified material weaknesses, management performed (1) significant additional substantive review of those areas described above, and (2) additional analyses, including but not limited to a detailed balance sheet and statement of operations analytical review that compared changes from the prior period's financial statements and analyzed all significant differences. These procedures were completed so management could gain assurance that the financial statements and schedules included in this report fairly present in all material respects our financial position, results of operations and cash flows for the periods presented.

Changes in Internal Control over Financial Reporting

We made no changes during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

[Table of Contents](#)

PART II Other Information

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in “Part I. Item 1A—Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2011. The risks and uncertainties described in such risk factors and elsewhere in this report have the potential to materially affect our business, financial condition, results of operations, cash flows, projected results and future prospects. As of the date of this report, we do not believe that there have been any material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2011.

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

During the period covered by this report, we issued 485,585 unregistered shares of our common stock upon the exercise of various warrants. The shares issued were exempt from registration under the Securities Act of 1933 pursuant to Section 3(a)(9) thereof.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

None.

Item 5. Other Information

On September 22, 2011, we entered into a lease agreement with Sandy Park I, L.L.C. for our new corporate headquarters in Sandy, Utah. The lease is for approximately 20,800 square feet, including rentable office space and our portion of common areas. The term will begin upon earlier of delivery of possession to us or our opening for business at the premises and will expire sixty six (66) months thereafter. Rent will be \$35,748.25 per month for the first eighteen (18) months of the term, with two percent (2%) escalations in rent upon the first day of the nineteenth (19th) month and every twelve (12) months thereafter.

The foregoing summary of the terms of the lease agreement is qualified in its entirety by reference to the lease, which is filed as an exhibit to this report.

On September 15, 2011, our board of directors, upon the recommendation of the nominating, corporate governance and compensation committee of our board of directors, approved the FY2012 Bonus Plan. The bonus plan was adopted to reward full time employees who are employed for at least six months prior to the end of the fiscal year ended June 30, 2012, for their performance in meeting corporate and personal goals. Our executive officers are eligible to participate under the bonus plan.

Under the terms of the bonus plan, our eligible executive officers will receive bonuses if our company meets certain corporate goals and they meet certain personal goals. The relative weight assigned to corporate goals and personal goals is 70% and 30%, respectively. The corporate goals relate to our revenue and our earnings before interest, taxes, depreciation and amortization, or EBITDA. The amount of bonus payable with respect to the achievement of corporate goals and personal goals will vary depending upon the percent of the respective goals that are achieved. The maximum bonus amount for each eligible executive officer is 75% of their base salary, which is as follows for each executive officer listed below:

Executive Officer	Title	Maximum Eligible Bonus Amount
Douglas C. Robinson	President and Chief Executive Officer	\$ 262,500
David W. Brown	President, LifeVantage Network	\$ 225,000
Dr. Joe M. McCord	Chief Science Officer	\$ 90,000
Carrie E. McQueen	Chief Financial Officer	\$ 150,000
Kirby L. Zenger	Chief Operating Officer	\$ 161,250

Item 6. Exhibits

See the exhibit index immediately following the signature page of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 14, 2011

LIFEVANTAGE CORPORATION

/s/ Douglas C. Robinson

Douglas C. Robinson
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2011

/s/ Carrie E. McQueen

Carrie E. McQueen
Chief Financial Officer
(Principal Financial Officer)

Exhibit Index

<u>Exhibit</u>	<u>Document Description</u>	<u>Incorporation by Reference</u>
10.1	Agreement between Lifevantage Corporation and Donny Osmond Concerts, Inc., dated September 15, 2011 and effective as of September 1, 2011	Filed herewith.
10.2#	LifeVantage FY2012 Annual Incentive Plan	Filed herewith.
10.3	Sandy Park Office Complex Lease dated September 22, 2011	Filed herewith.
10.4#	Amendment to Employment Agreement with Dr. Joe McCord dated July 1, 2011.	Exhibit to Form 10-K filed on September 28, 2011.
10.5#	Amendment of Scientific Advisory Board Agreement with Dr. Joe McCord dated July 21, 2011.	Exhibit to Form 10-K filed on September 28, 2011.
31.1	Certification of principal executive officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.
31.2	Certification of principal financial officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.
32.1*	Certification of principal executive officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith.
32.2*	Certification of principal financial officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith.
101**	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2011 and June 30, 2011; (ii) Unaudited Condensed Consolidated Statements of Operations and Other Comprehensive Income for the three month periods ended September 30, 2011 and 2010; (iii) Unaudited Condensed Consolidated Statement of Stockholders' Deficit for the three months ended September 30, 2011; (iv) Unaudited Condensed Consolidated Statements of Cash Flows for the three month periods ended September 30, 2011 and 2010; and (v) Notes to Unaudited Condensed Consolidated Financial Statements, tagged as blocks of text.	

Management contract or compensatory plan.

* This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and is not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing

** Users of this data are advised that pursuant to Rule 406T of Regulation S-T, this XBRL information is being furnished and not filed herewith for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and Sections 11 or 12 of the Securities Act of 1933, as amended, and is not to be incorporated by reference into any filing, or part of any registration statement or prospectus, of Outdoor Channel Holdings, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**NOTE: PORTIONS OF THIS EXHIBIT ARE THE SUBJECT OF A
CONFIDENTIAL TREATMENT REQUEST BY THE REGISTRANT TO THE
SECURITIES AND EXCHANGE COMMISSION. SUCH PORTIONS HAVE BEEN
REDACTED AND ARE MARKED WITH A “[***]” IN PLACE OF THE REDACTED LANGUAGE.**

AGREEMENT

THIS AGREEMENT (the “Agreement”), made and entered into as of the first day of September, 2011 (the “Effective Date”), by and between DONNY OSMOND CONCERTS, INC., a Utah corporation, f/s/o Donny Osmond (“Artist”), c/o Jacobson, Russell, Saltz & Fingerman, LLP (hereinafter referred to as “Licensor”) and LIFEVANTAGE CORPORATION, a Colorado corporation, with its principal place of business at 10813 S. River Front Pkwy, Suite 500, South Jordan, Utah 84095 (hereinafter referred to as “Company”). Licensor and Company shall be referred to collectively as the “Parties” and individually as a “Party”.

WHEREAS, Licensor represents that it has the right to use Artist’s name and Identification (as hereinafter defined) on and in connection with the design, development, manufacture, production, advertising, promotion, marketing, distribution, sale, use and other exploitation of certain products and merchandise and the right to sublicense such rights;

WHEREAS, Artist is a world-famous performer whose name, image and likeness and good will are of great commercial value;

WHEREAS, Company desires the right to use Licensor’s Identification and for Licensor’s services as spokesperson on and in connection with the advertising, distribution and sale of Company’s dietary supplement and cosmetic products including but not limited to Protandim®; and

WHEREAS, Licensor is willing to grant such rights to Company, upon the terms and conditions hereinafter contained.

NOW, THEREFORE, for and in consideration of the premises and of the mutual promises and conditions herein contained, the Parties do hereby agree as follows:

1. Definitions. As used herein, the following terms are defined as follows:

- (a) “Identification” shall mean the name, image and likeness of Donny Osmond.
- (b) “Trademark” is the name as set forth on Exhibit A.
- (c) “Property” is the Licensor Identification and the Trademark, collectively.
- (d) “Licensed Products” means all products, which are dietary supplements as defined at 21 U.S.C. § 321(ff), and cosmetics as defined at 21 U.S.C. § 321(i), of Company which are distributed or sold by Company using the Property. By way of clarification, Company agrees that “cosmetics” does not include razors, devices, or other items that are not in the nature of topical creams and substantially similar items. “Using the Property” means the presence of the Property on any Company product or any item of labeling or promotional item.
- (e) “Contract Year” means a period of twelve (12) consequent months commencing on the Effective Date.

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- (f) "Contract Period" or "Term" means a period of two (2) Contract Years commencing on the Effective Date hereof unless terminated earlier in accordance with this Agreement.
- (g) "Contract Territory" means the World.
- (h) "Exploit" and "Exploitation" means to design, develop, publish, manufacture, produce, advertise, promote, market, distribute, sell, use and otherwise exploit (but not sublicense except as provided herein).
- (i) All currency set forth herein shall be the U.S. dollar

2. Grant of Rights. (a) Subject to all the terms and conditions of this Agreement, Licensor hereby grants to Company, during the Contract Period, the right and license to use the Property throughout the Contract Territory in connection with the Exploitation of Licensed Products, and Company does hereby agree to Exploit the Licensed Products and to use the Property in the Contract Territory during the Contract Period in connection therewith, subject to the terms herein. Licensor will not grant to any third party the right to use the Property during the Contract Period in the Contract Territory in connection with the Exploitation of Licensed Products. It is expressly understood and agreed by Company that Company may use the Property only in connection with Licensed Products and only in accordance with the terms hereof. Company agrees that Company will not use or adopt any corporate name, trade name, trade dress or other form of corporate identification which includes the Property or any portion thereof. Company will not have the right to sublicense any of the rights herein granted by Licensor to Company.

(b) Company acknowledges that for purposes of maintaining and enhancing the reputation of the Property, Licensor must be assured that Licensed Products are sold only through channels of distribution which are consistent with the reputation and public image of the Property. Licensor acknowledges that Company intends to and will sell the Licensed Products through its network of Independent Distributors, often called network marketing or multi-level marketing. Licensor agrees that such method of distribution satisfies the first sentence of this paragraph.

(c) Under no circumstances will Company attempt to register or record any foreign or domestic domain names, trademarks or similar indicia with the words "Donny Osmond."

(d) Company shall not have the right to use any other spokesperson as a primary spokesperson in connection with any of the Licensed Products, except for Dr. Joe McCord provided however, Company may use a third party spokesperson subject to Licensor's approval as a secondary spokesperson in conjunction with Licensor hereunder.

3. Manufacturers and Marketing. Company may manufacture Licensed Products or may employ independent subcontractors to manufacture Licensed Products. In either case, Company is responsible for the manufacture of quality Licensed Products which comply with all applicable laws and regulations including the FFDCa, DSHEA and all related federal regulations such as the Current Good Manufacturing Practices applicable to dietary supplements. Company will make a good faith effort to ensure that no such subcontractor will take any action contrary to, or inconsistent with, the terms and conditions set forth in this Agreement. Company will monitor and inspect its factories and/or the factories of its subcontractors to determine that each and every part of the Licensed Product are

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manufactured in accordance with the requirements set forth in this Agreement. Company will terminate any subcontractor who fails or refuses to comply with the terms of this Agreement. Company agrees to make a good faith effort to comply with Exhibit B.

4. Company Marketing Efforts. (a) Company will, during the Contract Period, use its diligent efforts to reasonably promote the sale of Licensed Products throughout the Contract Territory.

(b) During each Contract Year, Company agrees to budget and spend, for the advertising and promotion of Licensed Products within the Contract Territory, an amount (the "Minimum Marketing Commitment") which is no less than one percent (1%) of the Net Sales of Licensed Products sold by Company during the preceding twelve months ending August 31, which such Minimum Marketing Commitment may be used for printed materials, promotional samples, publicity, Elite Academies and Company's annual convention. Within thirty (30) calendar days following the last day of the first Contract Year and each Contract Year thereafter, Company shall submit to Licensor a report setting forth the amount and nature of expenditures by Company which are applicable to the Minimum Marketing Commitment for the relevant Contract Year. Such report shall set forth the individual items of expenditure, the cost of creation and placement thereof, and the total of all such expenditures by Company applicable to the relevant Contract Year. "Net Sales" means Gross Sales minus returns.

(c) Company acknowledges and agrees that all costs of LifeVantage in executing its annual conventions and Elite Academy events will be borne exclusively by Company.

5. Market Date/Distribution. (a) Company represents that all Licensed Products will be ready for sale upon the Effective Date.

(b) Company agrees to use commercially reasonable efforts (i) to establish and support the market for Licensed Products, and promote Licensed Product sales, (ii) to maintain adequate inventories of Licensed Products, (iii) to distribute Licensed Products in accordance with the requirements, (iv) to timely ship accepted orders for Licensed Products on the contracted delivery date, and (v) to pay commissions earned by independent distributors in conformity with the terms outlined in their respective distributor agreements. Company acknowledges, agrees and understands it has the sole responsibility and obligation to secure orders and distribute Licensed Products in accordance with requirements and Licensor has no responsibility or obligation to do so.

(c) In the event Licensor advises Company that a special promotional effort is to take place, Company agrees to make commercially reasonable efforts, taking into account its other commitments and the advance notice given to Company, to arrange for the supply of Licensed Products in such commercially reasonable quantities as may be required for such effort.

6. Services/Approvals/Company Rights. (a) Licensor agrees that it is obligated to and shall cause Artist to provide the services set out in this Agreement. In every instance in this Agreement where the Licensor is obligated to perform services that are intended to be performed by Artist, it is agreed and understood by the Parties that Donny Osmond and only Donny Osmond will perform the following enumerated services.

(b) Corporate Appearances: The Annual Convention and Elite Academy Events.

(i) Licensor understands that Company holds 3 large "Elite Academy" events each year, as well as an annual convention. The dates for each of the Elite Academy Events for each Contract Year

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are as follows: October 28 and 29, 2011 (San Antonio, TX); January 27 and 28, 2012 (Las Vegas); October 2012 TBD. The dates of the annual conventions are April 26, 27, and 28, 2012 Anaheim, CA; 2013: TBD

(ii) [***] Licensor shall give a speech of approximately sixty minutes and participate in a meet and greet luncheon for up to 2 hours, details are subject to Licensor's prior written approval. Artist will appear on April 28, 2012 at the annual convention at the Anaheim Convention Center, Anaheim, CA.

(iii) Each Contract Year Licensor shall cause Artist to "appear" at each of the three Elite Academy events by means of a pre-recorded video [***]. Licensor will have creative approval rights over the videos (and all material that includes Licensor), as set forth more fully hereunder.

(c) Appearance in Opportunity DVD: Company will pay Licensor [***] at a date, time and place to be mutually agreed upon by the parties.

(d) Las Vegas Incentive Trips: Company shall conduct [***] to Las Vegas each Contract year for qualifying distributors of Company to attend the Donny & Marie show and to meet Artist, at Company's sole expense.[***]

(e) Promotional Video Appearances: Licensor shall make four promotional videos to be produced by the Company each Contract Year that will be used to motivate and provide incentive to distributors.[***]

(f) (i) In connection with Licensor's services set forth in Paragraph 6(b), 6(c) and 6(e), the following apply:

- (1) Prior to any given use or exploitation by Company, Licensor shall have approval over any photos (or non-photo likenesses, if any) containing Licensor's likeness and/or image, as well as how Licensor's name, likenesses and/or image is used in any campaign materials.
- (2) In addition, Licensor will have complete approval over any quotes attributed to Licensor; any biographical information about Licensor; any statements about Licensor in press materials; Licensor's script; and any "b-roll" footage in which Licensor appears, but all prior to or during production of such campaign materials (once approved by Licensor, the foregoing shall be referred to as the "Approved Campaign Materials").
- (3) If any Approved Campaign Materials are altered, re-cropped or retouched, will be resubmitted for approval by Licensor.

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- (4) In addition, Licensor shall have a right of approval over the photographer chosen for this project and shall have the right to choose the make-up artist, wardrobe stylist, hair personnel and wardrobe associated with Licensor's appearance.
- (5) Licensor's approval shall be deemed to have been given if no response is received from Licensor (or Licensor's authorized representative) within ten (10) business days after actual receipt in writing by Licensor's representative.
- (6) Company will pay for any personnel associated with Licensor that Company approves in advance in writing.
- (7) The logistics of Licensor's and Artist's commitments as set out in paragraph 6 shall be carried out and satisfied as follows:
 - (A) Paragraph 6 (d), which describes the Las Vegas "meet and greet" obligation, shall be decided mutually between the parties.
 - (B) The eight video recordings identified in paragraph 6:
 1. Each of the videos shall be recorded by Artist in Las Vegas, Nevada or at another location selected by Licensor with input from Company. Artist shall be obligated to avail himself for up to three (3) consecutive hours for each of the eight recording sessions. Each three (3) hour block of time includes time for hair, makeup, wardrobe, rehearsal and reasonable breaks. "Recorded" or "recording" means and includes commercial filming, a still photo shoot, and production of related materials.
 2. The date for each of these recordings is set forth in the following chart:

Contract Year: 2011-2012

<u>Description of the Video</u>	<u>Contract Paragraph</u>	<u>Date:</u>
(i) Elite Academy Appearance Video # 1	6 (b) (3)	9/8/2011
(ii) Elite Academy Appearance Video # 2	6 (b) (3)	1/4/2012
(iii) Elite Academy Appearance Video # 3	6 (b) (3)	1/4/2012
(iv) Opportunity Video	6 (c)	10/8/2011
(v) Promotional Video # 1	6 (e)	9/8/2011
(vi) Promotional Video # 2	6 (e)	9/8/2011
(vii) Promotional Video # 3	6 (e)	1/4/2012
(viii) Promotional Video # 4	6 (e)	4/28/2012

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<u>Description of the Video</u>	<u>Contract Paragraph</u>	<u>Date:</u>
(i) Elite Academy Appearance Video # 1	6 (b) (3)	TBD
(ii) Elite Academy Appearance Video # 2	6 (b) (3)	TBD
(iii) Elite Academy Appearance Video # 3	6 (b) (3)	TBD
(iv) Opportunity Video	6 (c)	TBD
(v) Promotional Video # 1	6 (e)	TBD
(vi) Promotional Video # 2	6 (e)	TBD
(vii) Promotional Video # 3	6 (e)	TBD
(viii) Promotional Video # 4	6 (e)	TBD

All dates not specified herein (i.e. "TBD") shall be subject to Artist's availability with such availability not to be unreasonably withheld.

(g) Sale of Protandim on Donny.com: Company shall pay Licensor [***] for each bottle of Protandim sold through Licensor's Donny.com website [***], Company agrees that [***] The [***] will be paid [***] of the Agreement and the [***] will be paid [***] of the Agreement. Once sufficient sales have been made on Donny.com in any Contract Year so that the total bottles of Protandim sold times [***] per bottle [***] payments will be made by Company quarterly to Licensor.

(h) All compensation set forth in paragraphs 6(b), 6(c), 6(d), 6(e), and 6(g), shall be on a pay-or-play basis. Amounts due Licensor from paragraphs 6(b), 6(c), 6(d) and 6(e) and are payable on the earlier of four equal quarterly payments per Contract Year or 30 days following Artists mutually satisfactory performance of the outlined deliverable commensurate with the performance of Artist's stature in the industry.

(i) Outside Personal Appearances. If Licensor renders services (e.g., appear on a television talk show or is included in a publication) (an "Outside Personal Appearance"), such Outside Personal Appearance shall be subject to Licensor's approval in Licensor's sole discretion. Licensor's failure to engage in any such Outside Personal Appearance shall not constitute a breach of this Agreement. If Licensor appears on a national television program or is written about in a national publication and both identifies Protandim® and explains, praises or extols its benefits of the Licensed Product (within the context of such appearance) Company shall pay Licensor within 30 days from such appearance, [***] per appearance, up to an aggregate of [***] per Contract year. Additionally, if Licensor appears in-person or by remote on any local radio or local television programs or is written about in a local publication, and takes similar action as to a national form (within the context of such appearance), Company shall pay Licensor within 30 days from such appearance [***], per appearance up to an aggregate of [***] per Contract Year. For each Outside Personal Appearance approved by Licensor, Company shall provide [***] with [***]:

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(j) Subject to Licensor's approval rights herein above, and the other use restrictions set forth in this Agreement, and provided Company is not in breach or default hereof, during the Term Company shall have the right to use, distribute, reproduce and/or exhibit the Approved Campaign Materials on television and radio commercials, in print ads, point-of-sale materials (subject to Licensor's reasonable approval), catalogs, direct mail, to independent distributors and on Company's website, in the applicable Territory, so long as such performance is not taken out of context, and such use remains consistent with the original performance by Licensor and limited to the purposes contemplated by this Agreement.

(k) Company shall have the right to translate the videos into, and dub with, a foreign language text or soundtrack, provided that all material in any language other than English shall be accurately translated with coaching if needed, at Company's expense (but Licensor shall have the first right refuse to dub in any language. No doubles or look-alikes of Licensor shall be used in this project for any purpose.

(l) Except as specifically set forth herein, Licensor acknowledges and agrees that Licensor shall not have any approval rights over Company's operation of its business. Company shall make reasonable efforts to consult Licensor over business, marketing and creative matters as they pertain to Company's other products.

7. Commissions. (a) In addition to the Compensation set forth above, Company will pay to Licensor a commission on the net sales of the Vantage Packs sold in the U.S. as follows: [***] per Vantage Pack for the first [***] sold in the United States during the Contract Term; and [***] per unit for every Vantage Pack sold in the United States in excess of [***] as long as Artist's promotional material is included in the Vantage Pack. Company agrees that the Licensor will be paid [***] as calculated in this 7(a) [***] during the Contract Term. The [***] will be paid monthly during the Contract Term and actual commissions earned [***] shall be paid quarterly. Such commissions [***] will be paid less returns, bad checks, cancels, declines, and credit card charge backs.

(b) All Commission reports and payments must be sent to Licensor no later than thirty (30) calendar days following the close of each calendar quarter.

(c) Commissions will accrue upon the sale of the Licensed Products regardless of time of collection by Company. Licensed Products will be considered "sold" as of the date on which such Licensed Products are invoiced, shipped or paid for, whichever first occurs

(d) Company may withhold as taxes on all payments to be made to Licensor only such amounts as are absolutely required to be withheld by law in the country from which payment is being made. Company shall submit to Licensor originals of the remittance voucher and the official receipt evidencing the payment of the corresponding taxes. Company shall fully cooperate with Licensor and provide such information and records as Licensor may request in connection with any application by Licensor to the tax authorities in the Contract Territory including the obtaining of a credit for any withholding tax paid in the Contract Territory or any country from which commission payments and any other payments are being made by Company to Licensor pursuant to this Agreement.

8. Sales Reports. Company will supply Licensor with a sales report with respect to all sales of Vantage Packs subject to Compensation and Commissions during each calendar quarter, said sales reports to be delivered to Licensor at the same time Commissions are paid to Licensor pursuant to Paragraph 7 above. Such sales reports shall be certified as true and complete by the Chief Financial Officer of Company on a quarterly basis. Such sales reports will, indicate the number of Vantage Packs sold during that calendar month, itemization of all permitted deductions pursuant to paragraph 7(a), and the computation of Commissions hereunder. Sales reports will be due even if sales of the Licensed Products may not have occurred during a calendar quarter.

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10. Books and Records. (a) Company will keep and maintain accurate books and records with respect to all Licensed Products sold by Company hereunder and the computation of Commissions with respect thereto, which books and records will be available upon reasonable advance notice for inspection, auditing and copying by Licensor or its authorized agents or representatives during ordinary business hours prior to the conclusion of a three (3) year period following the conclusion of the relevant calendar year quarter. If Licensor believes that its examination of Company's books and records reveals that Company has failed properly to account for and pay Commissions owing to Licensor hereunder, Licensor shall provide to Company a copy of the audit or examination report within 20 calendar days of the conclusion of the examination. Company shall have 20 calendar days to evaluate Licensor's report and if Company disagrees with Licensor's report, to provide a report to Licensor within that 20 day period. Both parties agree to meet and confer with Licensor about their differences within 90 (ninety) days after Company provides Licensor with Company's report, if any. If the parties cannot agree within that 90 (ninety) day period, , within the next sixty (60) calendar days the parties shall have each of their auditors mutually appoint, a neutral, third party auditor whose decision will be final and non appealable. Such neutral, third party auditor shall issue its written opinion within sixty (60) days from his/her/its appointment. If it is concluded that Company has failed properly to account for and pay Commissions owing to Licensor hereunder, and the amount of any Commissions which Company has failed properly to account for and pay for any calendar year quarter exceeds, by five percent (5%) or more, the Commissions actually accounted for and paid to Licensor for such period, then Company will, in addition to paying Licensor such past due Commissions with interest at the rate set forth in Paragraph 11 below, reimburse Licensor or its authorized representatives for their direct out-of-pocket expenses (including, without limitation, travel expenses, accommodations and local meal expenses) incurred in conducting such examination.

11. Payments. Payments to Licensor hereunder will be made by wire transfer payable to the account as follows:

Donny Osmond Concerts, Inc

[***]

Past due payments hereunder will bear interest at the rate of (i) one and one-half percent (1.5%) per month, or (ii) the maximum interest rate permissible under law, whichever is less.

12. Quality Control of Licensed Products. (a) Licensor has the right to be meaningfully consulted, at all stages of development, the quality, style, design, colors, appearance, material, prototypes, packaging and workmanship of all Licensed Products. Company will not distribute or sell any such product which has Licensor has not had a reasonable opportunity to be meaningfully consulted and which is not in accordance with the provisions set out below.

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(b) Before distributing or selling any Licensed Products, Company will submit to Licensor, at the address set forth in Paragraph 16, at no cost or expense, for its examination and approval or disapproval, a sample together with detailed information on materials, packaging, containers, hang tags, labels and the like. Licensor will within twelve (12) calendar days of receipt of such sample, examine and either approve or disapprove such sample, and notify Company in writing of its approval or disapproval. If Licensor does not disapprove any item within that twelve day period, it will be deemed by both parties to be approved. If any submitted item is disapproved, Company agrees to consult with Licensor regarding its objections and any changes or modifications proposed by Licensor, and will use reasonable efforts to make such modifications or adjustments. It is understood and agreed, however, that in the event of a dispute between Licensor and Company regarding any Licensed Product, Company will have final control and approval with respect to the style, overall design, decorative details and materials used in the Licensed Products.

(c) Once a Licensed Product sample has been approved in accordance with the provisions hereof, it will not be necessary to obtain approval for substantially identical Licensed Product samples consistent with the terms of the original approval. Company represents and warrants that all Licensed Products which are advertised, distributed and sold to consumers in accordance with this Agreement will be substantially identical to and of no lesser quality than the production sample which was previously approved by Licensor.

(d) Company covenants that all Licensed Products shall be consistent with the high standing of the Property in order to protect and enhance the Property and the goodwill pertaining thereto. Without limiting the generality of the foregoing, Company covenants that Licensed Products will be free of defects in design, materials and workmanship. Company agrees that no Licensed Products shall contain any toxic or injurious substances and shall not cause any physical harm to the user or others when used as intended or as reasonably otherwise foreseen.

(e) Company will comply with all applicable laws, regulations, rules, standards and procedures relating or pertaining to the Exploitation of the Licensed Products. Both before and after Licensed Products are put on the market, Company will follow reasonable and proper procedures for testing Licensed Products for compliance with all applicable laws, regulations and standards, and will permit Licensor and/or its authorized representatives, upon reasonable notice, to inspect its and its manufacturer's testing, production and quality control records, procedures and facilities and to test or sample Licensed Products for compliance with this provision.

(f) Licensor shall have the right to test the Licensed Products throughout the Contract Period and any renewal thereof, and may at any time make suggestions for improving the Licensed Products. Licensor shall communicate such suggestions to Company, and Company will consider and implement such suggestions in good faith.

13. Advertising, Promotion and Marketing. (a) Licensor will have the right to approve or disapprove in advance the contents, appearance and presentation of any and all advertising, promotional and marketing materials which incorporate the Property or which make reference in any way to Licensor as well as the right to approve or disapprove any promotions conducted by Company pursuant to this Agreement. Company will not produce, publish or in any manner distribute any advertising, promotional and marketing materials (including on Company's website) which have not been approved in advance by Licensor or which are, at any time, disapproved by Licensor.

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(b) Before publishing or distributing any advertising, promotional or marketing materials hereunder, Company will submit to Licensor, at the address set forth in Paragraph 16 below, for its examination and approval or disapproval, a sample thereof together with text, coloring and a copy of any photograph proposed to be used. Licensor agrees that it will promptly examine and, within twelve (12) calendar days following receipt, either approve or disapprove such sample press releases, advertising, promotional and marketing material, and that Licensor will promptly notify Company of its approval or disapproval. If Licensor does not disapprove any item within that twelve day period, it will be deemed by both parties to be approved. Licensor agrees that if any sample advertising, promotional or marketing materials are disapproved, Company will be advised of the specific reasons for such disapproval in each case. If Licensor objects to any such sample, Company agrees to consult with Licensor regarding its objections and any changes or modifications proposed by Licensor, and will use reasonable efforts to make mutually agreeable modifications or adjustments. It is understood and agreed, however, that in the event of a dispute between Licensor and Company regarding any advertising, promotional or marketing materials, Licensor will have final control and approval over the presentation, use and appearance of the Property and over all other aspects of the form and content of such advertising, promotional and marketing materials.

14. Media Approval. (a) Except as noted in paragraph (b) immediately below Licensor will have the right to approve the manner in which the Licensed Products are displayed to consumers and the trade (including, without limitation, through catalogs, showroom displays, Company's website, etc.) as well as the quantity and types of media vehicles through which Company advertises, markets and promotes the Licensed Products, including without limitation, through magazine and newspaper advertising, television and radio advertising, magazine inserts, direct mail solicitations, catalogs, point-of-sale displays, billboards and other outdoor displays. The use of the Property in connection with all such materials will be subject to Licensor's prior written approval.

(b) Company shall have the right to issue Press and News Releases about scientific and other corporate developments without complying with paragraph (a) above unless Artist's or Licensor's name is mentioned in that Release.

(c) When Company desires to place advertising in a particular media or media vehicle, Company will submit to Licensor, in advance, written notification of the particular media vehicle in which the advertising would be placed, including where appropriate a notification of the media provider (for example, the magazine or newspaper in which print advertisements would be placed or the television or radio station that would broadcast the advertisements). Licensor agrees that it will, within twelve (12) calendar days following receipt, examine and either approve or disapprove such proposed media vehicle, and that Licensor will promptly notify Company of its approval or disapproval. If Licensor does not disapprove any item within that twelve day period, it will be deemed by both parties to be approved. Licensor agrees that if any proposed media vehicle is disapproved, Company will be advised of the specific reasons for such disapproval in each case. Company will reimburse Licensor, upon request, for any import duties, shipping charges or other costs or expenses incurred in connection with the delivery of samples to Licensor.

15. Work-for Hire; Copyright Rights and Obligations. (a) If Company creates or engages a third party to create any artwork, slogans, patterns, text, brand names, photographs, designs, literary or musical work used on or in connection with the Licensed Products that contain the Property, in whole or in part ("Creations"), then Company shall execute an agreement or obtain a written agreement with such third party that provides that any copyrights, trademarks, service marks, design rights or other similar rights of ownership arising from such Creations shall be the sole property of Company. Licensor shall do all things necessary to ensure that such rights fully and irrevocably vest in Company. Company agrees that the Licensor shall retain the sole ownership of all right, title and interest in and to the Property.

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(b) The parties agree that any such Creations shall be considered “work made for hire” as that term is defined in The Copyright Act of 1976, as amended, as a work created as a contribution to a collective work, a supplementary work, a compilation, or otherwise; provided, however, that if and to the extent any such Creations shall not be considered “work made for hire,” Licensor hereby assigns any and all of its right, title, and interest in such Creations to Company and shall take all steps reasonably necessary to assist Company to effectuate such assignment. Company agrees, that the Licensor shall retain the sole ownership of all right, title and interest in and to the Property.

(c) Without limiting the generality of this paragraph, any assignment of copyright as contemplated hereunder includes any and all rights of any kind that may be known as or referred to as “moral rights” or “droit moral” (collectively “Moral Rights”). To the extent such Moral Rights cannot be assigned under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, Licensor hereby waives such Moral Rights and consents to any action consistent with the terms of this Agreement that would violate such Moral Rights in the absence of such consent. Licensor will confirm any such waivers and consents from time to time as reasonably requested by Company. Company agrees that the Licensor shall retain the sole ownership of all right, title and interest in and to the Property.

(d) Company acknowledges that any copyrighted work, materials or photos provided by Licensor to Company will, as between Company and Licensor, be the sole property of Licensor. Licensor may not refer to Company or the Licensed Products in any commercial use thereof without Company’s prior written consent.

16. Notices. Any notices required or permitted under this Agreement will be considered as duly made if delivered to the intended Party by certified or registered mail (return receipt requested), any reputable international courier service, or by facsimile (with a confirming copy sent by any of the other options) at the following address. Notice will be deemed given on the date of receipt.

Licensor: Donny Osmond Concerts, Inc. f/s/o Donny Osmond

[***]

With a copy to:

Jacobson, Russell, Saltz & Fingerman, LLP
10866 Wilshire Boulevard, Suite 1550
Los Angeles, CA 90024
Attention: Jason M. Russell, Esq.
Facsimile: (310) 446-9909

To Company: Lifevantage Corporation
10813 S. River Front Pkwy, Suite 500
South Jordan, Utah 84095
Attn: Eric Marchant, VP of Compliance

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17. Exclusivity of Endorsements and Representations. Licensor and Artist agree not to represent or endorse any dietary supplements as defined at 21 U.S.C. § 321(ff), and cosmetics as defined at 21 U.S.C. § 321(i) other than those of Company while this Agreement is in effect except as is otherwise provided in this paragraph. Artist shall not be precluded from appearing on or in an entertainment news or informational program, including film, TV, DVD, internet, or other similar forum, in which (i) without his advance knowledge, a dietary supplement as defined at 21 U.S.C. § 321(ff), and cosmetics as defined at 21 U.S.C. § 321(i) directly competitive with those of Company is featured or promoted, or (ii) in which effort Artist is expected or required to participate as a condition of his appearance. Licensor shall, whenever possible, notify Company in advance of any such appearance where either Licensor or Artist has any advance notice that another company's dietary supplement or cosmetic will be mentioned or in any way promoted. If that is not possible, Licensor shall notify Company within 3 calendar days after such an occurrence takes place.

18. Miscellaneous Expenses. For the services to be provided by Licensor and Artist, Company agrees to the following: (i) if Artist is required to travel outside Artist's location, Company agrees to pay for and provide Artist, [***] and pay for and provide [***] and pay [***] for Licensor or; (ii) otherwise if local non-overnight services are required of Licensor, Company will pay for and provide [***] All of Licensor's travel and workdays are subject to Licensor's availability. No other compensation shall be due Licensor for travel days, unless work is included on travel days.

19. Trademarks. (a) Company shall cause to be imprinted legibly on each Licensed Product manufactured, distributed or sold under this Agreement, and on all material used in connection therewith, including, but not limited to, advertising, promotional, adhesive-backed stickers and hangtags, and any other such materials wherein the Property or any portion thereof appears, the designation ® or TM after the appearance of such Property or portion thereof, as Licensor deems appropriate, to protect the Property.

(b) Licensor agrees to use commercially reasonable efforts, at Licensor's sole cost and expense, to attempt to obtain registration of the Trademark in the Contract Territory for articles of merchandise comprising Products, and to maintain any such registrations throughout the Contract Period.

(c) Nothing herein shall give to Company any right, title or interest in the Property except the licensed rights in accordance with this Agreement. As between the Parties, the Property is the sole property of Licensor, and any and all use thereof by Company, and the goodwill arising therefrom, shall inure to the benefit of Licensor. Company shall not, either directly or indirectly, anywhere in the world: (i) contest, object to or challenge the validity of, or Licensor's rights in, any of the Property or any portion thereof on any grounds; (ii) register or attempt to register any mark identical with or confusingly similar to any of the Property or any portion thereof; or (iii) use any combination, variation, stylization, abbreviation or derivative of Property other than that expressly licensed under this Agreement, regardless of whether the Property or any portion thereof are formally registered in the Contract Territory.

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(d) If Company is deemed, in law, to own any mark or property that should qualify as the Property, then Company shall assign all such rights in the mark or property (including any related registrations) to Licensor at no charge.

20. Infringement of the Property. (a) Licensor shall use its commercially reasonable efforts to eliminate any infringement of the Property in the Contract Territory in connection with Products, and for this purpose Company agrees to notify Licensor in writing of any infringement or imitations by others of the Property in the Contract Territory on articles similar to the Licensed Products if and when such become known to Company. Licensor shall have the sole right to determine whether or not any action shall be taken on account of such infringements or imitations. Company agrees to assist Licensor, to the extent necessary, in Licensor's efforts to eliminate any such infringement. Company shall not institute any suit or take any action on account of any such infringements or imitations except with the prior written consent of Licensor.

(b) If there should occur any infringement of the Property in connection with Products in the Contract Territory, Licensor and Company shall consult with each other and with their respective counsel in order to determine what remedies, if any, may be available to eliminate such infringement. If such remedies exist, and if in the sole opinion of Licensor they are commercially and financially reasonable under the circumstances, Licensor will instruct its lawyers to institute such action.

21. Company Indemnity. (a) Company shall indemnify, hold harmless and defend each of Licensor, its members, and their respective (where applicable) principals, officers, directors, employees, agents, and representatives, from and against any and all expenses, damages, claims, suits, actions, judgments and costs whatsoever, including reasonable lawyers' fees, arising out of, or in any way connected with, any claim or action for (i) personal injury, death or other cause of action involving alleged defects in the Licensed Products, (ii) any breach of any statutory obligation, (iii) any infringement by Company of the trademark, copyright, personal or other proprietary rights of any third party excluding any claims arising solely from Company's use of the Property in the Contract Territory in accordance with this Agreement, (iv) Company's breach of any representation, warranty or term herein; or (v) the act or omission of any subcontractor of Company, including their failure to comply with the terms in this Agreement.

(b) Licensor Indemnity. Licensor shall indemnify, hold harmless Company from and against all losses, liabilities, claims and expenses (including reasonable attorneys' fees and costs) (a "Company Loss") arising out of (i) fraud or any breach of any representation and warranty of Licensor contained in this Agreement, and (ii) any violation of any covenant or undertaking of Licensor contained in this Agreement and (iii) any claim by a third party that the Property infringes the intellectual property rights of that third party.

(c) Procedure. A Party seeking indemnification ("Indemnitee") shall notify the other party ("Indemnitor") of any liability or action in respect of which Indemnitee intends to claim such indemnification, and the Indemnitor shall have the right to participate in, and, to the extent the Indemnitor so desires, to assume the defense thereof with counsel selected by Indemnitor; provided, however, that Indemnitee shall have the right to retain its own counsel, at its sole expense, if representation of Indemnitee by the counsel retained by Indemnitor would be inappropriate due to actual or potential differing interests between Indemnitee and any other party represented by such counsel in such proceedings. The failure of Indemnitee to deliver notice to Indemnitor within a reasonable time after Indemnitee receives notice of the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve Indemnitor of any liability to Indemnitee, but the omission so to deliver notice to Indemnitor will not relieve it of any liability that it may have to the Indemnitee otherwise than under this paragraph 21. Indemnitee under this paragraph 21, its employees and agents, shall

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cooperate fully with Indemnitor and its legal representatives in the investigation and defense of any action, claim or liability covered by this indemnification. The Indemnitor may not settle any such claim without the Indemnitee's consent if the proposed settlement would be in the Indemnitee's name or impose pecuniary or other liability or an admission of fault or guilt on the Indemnitee or would require the Indemnitee to be bound by an injunction of any kind.

22. Liability Insurance. Company will maintain in effect, at its own expense, throughout the Contract Period, product liability and other applicable insurance coverage covering claims arising under the circumstances described in Paragraph 21 immediately above, which insurance will be in the amount of no less than US \$5,000,000. Within thirty (30) calendar days from the date hereof, Company will submit to Licensor a certificate of insurance naming Licensor as an additional insured party, and requiring that the insurer will not terminate or materially modify such policy without written notice to Licensor at least thirty (30) calendar days in advance thereof.

23. Termination of this Agreement. (1) Except as is otherwise noted, if either Party or Artist does any of the following, the non-defaulting Party may terminate this Agreement if such alleged default is not cured within twenty (20) calendar days after the Party allegedly in default is served with notice specifying such default in a reasonable amount of detail. Neither party shall have the opportunity to cure an identical or substantially similar default more than twice:

- (a) Ceases to do business in the normal course,
- (b) Becomes or is declared insolvent or bankrupt,
- (c) Is indicted for or otherwise charged with, convicted of, by a plea or otherwise, or pleading nolo contendere to, a felony.
- (d) The commission of conduct that is (1) wholly unacceptable from a morals standpoint, regardless of whether there is any arrest or conviction of a crime, (2) that is publicly disclosed and (3) which the other Party, in good faith, reasonably believes could have a material effect on the performance of this Agreement or that Party's business or reputation.
- (e) Makes an assignment for the benefit of creditors,
- (f) If any secured creditor or lender Company exercises or purports to exercise any foreclosure right or remedy as a secured creditor with respect to any collateral consisting, in whole or in part, of any of Licensed Products or any of the results, products or proceeds of this Agreement,
- (g) If the Licensed Products are declared by the American Herbal Products Association ("AHPA"), National Products Association ("NPA") or the American Botanical Council ("ABC") to be (unsafe or undesirable for human consumption or use.
- (h) Disparages, to a third party, other than in its papers filed in the course of arbitration or litigation, the other Party or any of its personnel or a Party's services, products, method of doing business or reputation.

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(2) Licensors Accelerated Right of Termination Based on Non-Payment or Untimely Payment. Company agrees that Licensor shall have the right to terminate this Agreement, upon five (5) calendar days notice to Company, if Company does not timely make any of its payment obligations that are set out in paragraphs 6, 7 and 8, and Company does not make that delinquent payment within that five day period. Licensor, in order to complete the termination process, must notify Company of the effective date of termination once the five day "right-to-cure" period has elapsed without its receipt of full payment for Company.

(3) Company agrees that [***] shall have primary responsibility for supervising all creative and business matters pertaining to Licensor. If Licensor believes that he is not carrying out his supervisory obligations, then Licensor may upon 14 (fourteen) calendar days notice to Company, including an explanation for its position, object to the continuation of [***] in this supervisory capacity. The Company then has 14 (fourteen) days in which to alleviate the concern of Licensor, replace [***] with another individual. If Company does not replace [***] within that time period, Licensor may terminate this Agreement.

(4) Upon the termination of this Agreement by Licensor, notwithstanding anything to the contrary herein, all rights licensed to Company under this Agreement immediately revert to Licensor without any further notice and all unpaid Compensation payments and any other payments due Licensor, including reimbursements and Earned Royalty payments, for the Contract Period shall be deemed to be fully earned and shall be paid to Licensor within thirty (30) days from the effective date of termination.

(5) Failure to terminate this Agreement pursuant to this paragraph will not effect or constitute a waiver of any remedies the non-defaulting Party would have been entitled to demand in the absence of this paragraph, whether by way of damages, termination or otherwise. Termination of this Agreement for whatever reason will be without prejudice to the rights and liabilities of either Party to the other in respect of any matter arising under this Agreement.

24. Property After Termination. Except as otherwise provided in this Agreement, from and after the termination of the Contract Period, all of the rights of Company to the use of the Property will cease absolutely, and Company will not thereafter manufacture, distribute or sell any item of Licensed Products or any other item whatsoever that incorporates the Property or any portion thereof, nor will Company publish further or additional quantities of any advertising or marketing materials which incorporate the Property or any portion thereof.

25. Inventory of Licensed Products on Expiration. (a) If the Contract Period of this Agreement expires by the passage of time (and not by early termination due to default of Company), then Licensor agrees that any of Licensed Products that may have been manufactured by or for Company prior to the expiration of the Contract Period, or which were in the process of manufacture by Company, or were required to fill purchase orders from customers accepted by Company on or prior to date of expiration, may be sold by Company during the period of six months commencing on the day immediately following the last day of the Contract Period (hereinafter referred to as the "Sell-Off Period"), provided that:

- (i) Company will furnish to Licensor within ten (10) calendar days after the date of expiration of the Contract Period a written statement of the number and description of such Licensed Products in inventory as of the date of expiration;

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- (ii) The quantity of such Licensed Products in inventory at the time of such expiration is not in excess of a reasonable quantity taking into account Company's sales of Licensed Products for the six months immediately preceding the expiration of this Agreement;
- (iii) Company did not unreasonably increase the manufacture of the Licensed Products during the last six (6) months of the Contract Period;
- (iv) Company will continue to pay to Licensor with respect to such sales an Earned Royalty at the rate specified in Paragraph 8 of this Agreement; and
- (v) Earned Royalty amounts payable pursuant to this paragraph will be paid within thirty (30) calendar days following the end of said Sell-Off period.

(b) If as of the last day of the Sell-Off Period, there remain in Company's inventory any quantities of the Licensed Products (and any "Licensor Identified Components", as described in subparagraph (c) below), then Company agrees that:

- (i) Company will furnish to Licensor, within ten (10) calendar days after the last day of the Sell-Off Period, a written statement (the "Inventory Report") setting forth the nature and quantity of the Licensed Products in Company's inventory as of the last day of the Sell-Off Period.
- (ii) Company will indicate, in the Inventory Report, Company's invoice price to its Independent Distributors for those Licensed Products listed in the Inventory Report.
- (iii) Licensor will have the right and option, by written notice delivered to Company within fourteen (14) calendar days after receipt of Company's Inventory Report, to purchase such quantity (if any) of Licensed Products listed in the Inventory Report as Licensor may desire to purchase, and in such event Licensor will pay to Company, as full and complete payment for such Licensed Products, the relevant invoice price to Company's Independent Distributors for such items as listed in the Inventory Report. Licensor shall not have any right to re-sell any of such Licensed Product or any other product of Company without becoming an Independent Distributor of the Company.
- (iv) All Licensed Products listed in the Inventory Report which Licensor does not elect to purchase (as aforesaid), may be distributed and sold by Company, provided Company removes the Licensed Products from their packaging and distributes and sells such products without any indicia of the Property.

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(c) If, as of the last day of the Sell-Off Period, there remain in Company's inventory any quantities of labels, hangtags, embroidery, buttons, fasteners, packaging materials or any other components or materials used in the production of Licensed Products which bear or incorporate any part of the Property (hereinafter referred to as the "Licensor Identified Components"), then Company agrees to separately report to Licensor, in the Inventory Report described in subparagraph (b) immediately above, the nature and quantity of such Licensor Identified Components. Company agrees that such components will either be sold to Licensor or destroyed by Company, in accordance with the procedures set forth in subparagraph (b) immediately above.

26. Inventory of the Licensed Products on Termination. (a) If the Contract Period of this Agreement is terminated due, to a material default of Company, Company will have no right whatsoever to sell or distribute any of the Licensed Products after the effective date of termination of the Contract Period (the "Termination Date").

(b) If, as of the Termination Date, there remains in Company's inventory any quantities of the Licensed Products (and Licensor Identified Components, as described in Paragraph 25(c) above), then Company agrees that:

- (i) Company will furnish to Licensor, within ten (10) calendar days after the Termination Date, an Inventory Report setting forth the nature and quantity of Licensed Products in Company's inventory as of the Termination Date.
- (ii) Company will indicate, in the Inventory Report, Company's invoice price to its Independent Distributors for those Licensed Products listed in the Inventory Report.
- (iii) Licensor will have the right and option, by written notice delivered to Company within fourteen (14) calendar days after receipt of Company's Inventory Report, to purchase such quantity (if any) of the Licensed Products listed in the Inventory Report as Licensor may desire to purchase, and in such event Licensor will pay to Company, as full and complete payment for such Licensed Products, the Company's invoice price to the Company's Independent Distributors for such items as listed in the Inventory Report.
- (iv) All Licensed Products listed in the Inventory Report which Licensor does not elect to purchase (as aforesaid), may be distributed and sold by Company provided Company removes the Licensed Products from their packaging and distributes and sells such products without any indicia of the Property.
- (v) Company agrees that any Licensor Identified Components in Company's inventory as of the Termination Date will either be sold to Licensor or destroyed by Company

27. Prohibition on Commercial Tie-Ins and Premium Sales. Company agrees that Licensed Products will not be sold or given away free of charge by Company, or authorized by Company to be given away by any third party, as a part of any plan intended to promote the products, services or business

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of any third party. If Company desires to distribute or sell Licensed Products for use in a commercial tie-in or premium program (as aforesaid), Company may submit such a request to Licensor in writing, setting forth all of the details of such proposed commercial tie-in or premium program, and Licensor will have reasonable discretion in deciding whether or not to waive the foregoing prohibition on commercial tie-ins or premium sales of Licensed Products. Company will obtain Licensor's written approval prior to any such arrangement, which approval may not be unreasonably withheld or delayed.

28. Products for the Use of Licensor. (a) During the two year term of this Agreement, Company will supply Licensor, at the request of Licensor, at no charge on monthly autoship a supply for four (4) individuals of licensed products and at no cost or expense, , for personal and promotional use (not for resale). Company will pay all costs in connection with delivery of the foregoing Licensed Products to Licensor.

(b) Company will sell or, in the Company's sole discretion, provide (free of charge) to Licensor upon receiving a request from Licensor such additional quantities of Licensed Products as Licensor may reasonably request. It is understood that such sales will in all cases be subject to availability of the desired Licensed Products. Company agrees that all such sales will be made on terms no less favorable to Licensor than the terms and conditions then made available by Company to Company's Independent Distributors. All such sales will not be subject to Commissions. Licensor will be free to use and distribute such Licensed Products in its sole discretion, except Licensor agrees that these Licensed Products cannot be resold by Licensor or anyone acting on behalf of Licensor unless Licensor becomes an Independent Distributor of Company.

29. Confidentiality. Each Party acknowledges that, during the Contract Period, it may have access to certain confidential and proprietary information of the other Party. Neither Party, nor their directors, officers, employees or agents, will publicize, disclose or use (except as provided in this Agreement) any such confidential or proprietary information that is the property of the other Party, that is clearly designated or reasonably understood to be confidential (including any personal information concerning Licensor) and that is disclosed to that Party pursuant to this Agreement. Each Party will be privileged to make disclosure to attorneys, agents and accountants of each Party on a need to know basis. The obligations set forth in this paragraph will survive the termination of the Agreement, and upon such termination, each Party will return to the other all confidential materials belonging to the other Party that were delivered during the Contract Period.

30. Waiver. The failure of either Party at any time or times to demand strict performance by the other of any of the terms, covenants or conditions set forth herein will not be construed as a continuing waiver or relinquishment thereof and each may at any time demand strict and complete performance by the other of said terms, covenants and conditions.

31. Representations and Warranties. (a) Company hereby represents and warrants that: (i) it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of charter, having all requisite power and authority to own its assets and carry on its business as presently conducted; and (ii) the execution, delivery, and performance of this Agreement by Company has been duly and validly authorized and is the legal, valid, and binding obligation of Company, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, moratorium, reorganization, and other laws of general application affecting the enforcement of creditors' rights and by the availability of equitable remedies; and (iii) Donny Osmond has read this Agreement and has represented to Licensor that he approved it; (iv) that to the best of his personal knowledge, there does not exist any medical matters that will limit or preclude Donny Osmond's performance of the services he will be obligated to provide

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pursuant to this Agreement; and (v) Donny Osmond understands that LifeVantage has no financial obligation to him personally and that if, for any reason, any dispute develops between himself and Licensor, financial or otherwise, that LifeVantage is not obligated to pay any monies to him, but that he remains obligated to perform all of the services required of Artist pursuant to this Agreement.

(b) Licensor hereby represents and warrants that: (i) it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of charter, having all requisite power and authority to own its assets and carry on its business as presently conducted; and (ii) the execution, delivery, and performance of this Agreement by Licensor has been duly and validly authorized and is the legal, valid, and binding obligation of Licensor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, moratorium, reorganization, and other laws of general application affecting the enforcement of creditors' rights and by the availability of equitable remedies.

32. Assignment. This Agreement will bind and inure to the benefit of Licensor, its successors and assigns. The rights granted to Company hereunder will be personal to it and may not, without the prior written consent of Licensor, be transferred or assigned to any other party; any assignment or transfer by Company in violation of the foregoing shall be null, void and without effect. Subject to the terms of this Paragraph 33, this Agreement will bind and inure to the benefit of Company, its successors and assigns. Notwithstanding anything to the contrary herein, (i) Licensor will have the right to assign this Agreement to an entity owned or controlled in whole or in part by Licensor or its member(s).

33. Prevailing Party. If any Party to this Agreement brings an action to enforce its rights under this Agreement, the prevailing Party will be entitled to recover its costs and expenses, including reasonable attorneys' fees, incurred in connection with such action, including any appeal of such action. For these purposes, the term "prevailing Party" will mean the Party that will have substantively prevailed on the principal substantive issues in dispute.

34. Governing Law/Jurisdiction. This Agreement shall be construed in accordance with the laws of the United States of America and the State of California, without regard to its conflict of laws principles.

35. Forum for Resolution of Disputes. Any and all disputes between the Parties arising from or related to this Agreement shall be heard and determined by binding arbitration before a single arbitrator, and judgment upon the award(s) rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall be named by the American Arbitration Association ("AAA"). Arbitration proceedings will be held in Los Angeles, California under the Rules of Commercial Arbitration and under the institutional supervision of the AAA, and the Parties irrevocably submit to the jurisdiction of the Federal and State courts located in California incident to any such arbitral proceeding. Witnesses residing outside of the State of California may testify telephonically or via such other audio/visual means as the arbitrator approves. The prevailing Party shall be entitled to an award of its reasonable outside attorneys' fees and costs. A final arbitral award against either Party in any proceeding arising out of or relating to this Agreement shall be conclusive. The foregoing provisions shall not limit the right of either Party to commence any action or proceeding to compel arbitration, to obtain injunctive relief pending the appointment of an arbitrator, or to obtain execution of any award rendered in any such action or proceeding, in any other appropriate jurisdiction or in any other manner. The Parties agree to accept service of process by certified mail at its or their business address listed in Paragraph 16 herein and waive any jurisdictional or venue defenses available to them.

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36. Miscellaneous. This Agreement is the product of arms' length negotiations between parties knowledgeable of its subject matter who have had the opportunity to consult counsel concerning the terms and conditions of this Agreement prior to the execution of this Agreement and any rule of law that would cause interpretation of any provision against the Party responsible for its inclusion herein will have no effect on the interpretation of this Agreement. If any part of this Agreement shall be declared invalid or unenforceable by a duly appointed arbitrator, it shall not affect the validity of the balance of this Agreement; provided, however, that if any provision of this Agreement pertaining to the payment of monies to Licensor shall be declared invalid or unenforceable, Licensor shall have the right, at its sole option, to terminate this Agreement upon giving not less than ten (10) calendar days written notice to Company.

37. Significance of Headings. Paragraph headings contained herein are solely for the purpose of aiding in speedy location of subject matter and are not in any sense to be given weight in the construction of this Agreement. Accordingly, in case of any question with respect to the construction of this Agreement, it is to be construed as though such paragraph headings had been omitted.

38. No Joint Venture. This Agreement does not constitute and will not be construed as constituting a partnership or joint venture between Licensor and Company. Neither Party will have any right to obligate or bind the other Party in any manner whatsoever, and nothing herein contained will give, or is intended to give, any rights of any kind to any third persons.

39. Limited Liability. Notwithstanding anything to the contrary contained herein, in the event Company incurs any expenses, damages or other liabilities (including without limitation, reasonable attorneys' fees) in connection herewith, Licensor's liability will be limited except in instances where it is determined pursuant to the proceedings described in Paragraph 35 that Licensor or Artist engaged in gross negligence, reckless or willful bad behavior, to proven, direct, actual damages incurred by Company, and Licensor's maximum liability to Company hereunder will not exceed twice the cash compensation, excluding reimbursement of expenses, actually paid to Licensor by Company hereunder. In no event will Licensor be liable for consequential, punitive, indirect, reliance or incidental damages or lost profits, whether or not Licensor has been advised of the possibility of such damages or lost profits.

40. Survival. The provisions of Paragraphs 2(c), 10, 15, 16, 19, 21, 22, 23, 24, 25, 26, 29, 33, 34, 35, 39, 40 and 41 of this Agreement shall survive any termination or expiration of this Agreement

41. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties hereto and terminates and supersedes any prior agreement or understanding relating to the subject matter of this Agreement. None of the provisions of this Agreement can be waived or modified except in writing signed by both Parties, and there are no representations, promises, agreements, warranties, covenants or undertakings other than those contained herein.

42. Execution and Delivery Required. This instrument when signed by Company will be deemed only an application for a license and will not be considered to be a binding agreement unless and until signed by all Parties noted as the appropriate place at the conclusion of this instrument. This instrument may be signed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same Agreement. Signatures transmitted by facsimile or electronic mail shall be deemed acceptable as originals.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date beneath the signature of each.

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LIFEVANTAGE CORPORATION

By: /s/ Douglas C. Robinson

Name: Douglas C. Robinson

Title:

Signed: September 12, 2011

DONNY OSMOND CONCERTS, INC.

By: _____

Name:

Title:

Signed: September _____, 2011

Donny Osmond: _____

Signed: September _____, 2011

By his signature, Mr. Osmond is agreeing to the representations made by Licensor in Paragraphs 6(a), 17, 29, 31(a) (iii), (iv) and (v).

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EXHIBIT A
TRADEMARK

DONNY OSMOND

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EXHIBIT B

The Licensed Products will be manufactured in accordance with the Code of Conduct for Manufacturers as set forth below.

CODE OF CONDUCT FOR MANUFACTURERS

<u>Child Labor</u>	Manufacturers will not use child labor. The term “child” refers to a person younger than age 15 (or 14 where local law allows) or, if higher, the local legal minimum age for employment or the age for completing compulsory education. Manufacturers employing young persons who do not fall within the definition of “children” will also comply with any laws and regulations applicable to such persons.
<u>Involuntary Labor</u>	Manufacturers will not use any forced or involuntary labor, whether prison, bonded, indentured or otherwise.
<u>Coercion and Harassment</u>	Manufacturers will treat each employee with dignity and respect, and will not use corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment or abuse.
<u>Nondiscrimination</u>	Manufacturers will not discriminate in hiring and employment practices, including salary, benefits, advancement, discipline, termination or retirement, on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.
<u>Health and Safety</u>	Manufacturers will provide employees with a safe and healthy workplace in compliance with all applicable laws and regulations, ensuring at a minimum, reasonable access to potable water and sanitary facilities, fire safety, and adequate lighting and ventilation.
<u>Protection of the Environment</u>	Manufacturers will comply with all applicable environmental laws and regulations.
<u>Other Laws</u>	Manufacturers will comply with all applicable laws and regulations, including those pertaining to the manufacture, pricing, sale and distribution of merchandise. All references to “applicable laws and regulations” in this Code of Conduct include local and national codes, rules and regulations as well as applicable treaties and voluntary industry standards.

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LifeVantage Corporation
(the “Company”)

Annual Incentive Plan

I. Purpose

The LifeVantage Corporation Annual Incentive Plan (the “Plan”) has been established to attract, motivate and retain executives, senior officers and key employees by rewarding both corporate and individual performance. Cash-based and/or equity-based annual performance awards (each, an “Award”) will be granted and earned pursuant to the Plan.

II. Administration

The Plan will be administered by the Compensation Committee of the Company’s Board of Directors (the “Committee”). The Committee has discretionary authority, subject only to the express provisions of the Plan, to interpret the Plan; determine eligibility for and grant Awards; determine, modify or waive the terms and conditions of any Award; prescribe forms, rules and procedures; and otherwise do all things necessary to carry out the purposes of the Plan. Determinations made by the Committee shall be final and binding upon Participants (defined in Section III below), the Company, and all other interested parties.

The Committee may delegate to (i) one or more of its members such of its duties, powers and responsibilities as it may determine; and (ii) such employees of the Company or its Affiliates (defined in Section III below) or other persons as it determines such ministerial tasks as the Committee deems appropriate.

III. Eligibility

The Company’s chief executive officer, and those executive and senior officers of the Company and full time employees of the Company employed by the company for at least six consecutive months prior to the end of the fiscal year are eligible to participate in the Plan. Those individuals eligible to participate in the Plan but who were not employed for the entire fiscal year will have each Award prorated.

IV. Weighting of Performance Components, Establishment of Performance Measures and Participant’s Target Awards

All Awards under the Plan shall be comprised of a corporate component and an individual component. The relative weight assigned to the corporate and individual components is 70% and 30%, respectively.

A “Performance Year” under the plan shall be tied directly to the fiscal year and is the period from July 1 through June 30. For each Performance Year, the Committee shall specify a Participant’s target Award expressed as either a dollar amount or as a percentage of the Participant’s annualized base salary in effect on the date the Award is granted. The Committee shall also specify the performance goals that must be met during such Performance Year in order for the Participant to earn payment with respect to the corporate component of an Award (“Performance Measures”) and, if applicable, the levels of performance and payout opportunities associated with the Performance Measures.

Performance Measures shall be expressed in terms of one or more criteria such as the following (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): sales or revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations or an aggregate or per share basis; one or more operating ratios; stock price; total shareholder return; implementation of key projects, processes or other business objectives; and/or any other goals or objectives the Committee deems relevant in connection with accomplishing the purposes of the Plan.

The Performance Measures and relative weightings of these measures established by the Committee may be different each Performance Year and different measures may be applicable to different Participants. Unless otherwise specified in a written resolution adopted by the Committee, (i) the Performance Measures for the corporate component will be comprised of revenue; ordinary income; earnings before interest, tax, depreciation, amortization, and non-cash stock compensation expenses; and key business objectives designated by the Committee, and (ii) the Performance Measures for the personal component will be based on specific, personal goals set by employees and supervisors.

For each Performance Year, the targets associated with the Performance Measures and the performance levels/ranges and payout opportunities approved by the Committee shall be set forth in a summary that will be maintained with a copy of this Plan.

V. Conditions to Earning Awards and Payment of Final Earned Awards

After the completion of a Performance Year and no later than October 15 of the year following the end of the Performance Year, the Committee will determine any amounts potentially earned under Awards that had been granted to Participants for such Performance Year. The corporate component and personal component of an Award shall be potentially earned only if the Performance Measures for the Performance Year are achieved at the threshold level of performance set by the Committee. Where applicable, the attainment of the Performance Measures shall be determined in accordance with generally accepted accounting principles ("GAAP") or, with respect to non-GAAP measures, in accordance with how the Company reports such non-GAAP measures to investors. Except as the Committee may otherwise provide at the time of granting an Award, objectively determinable adjustments shall be made to any Performance Measure for one or more items of gain, loss, profit or expense (A) determined to be extraordinary or unusual in nature or infrequent in occurrence, (B) related to the disposal of a business segment, (C) related to a change in accounting principle under GAAP, (D) related to discontinued operations that do not qualify as a segment of a business under GAAP, or (E) attributable to the business operations of any entity acquired by the Company during the fiscal year. Such adjustments shall be determined in accordance with GAAP, where applicable, or if such adjustments relate to a non-GAAP measure, in accordance with how the Company reports non-GAAP measures to investors.

Determination of whether the individual component has been potentially earned will be made in the Committee's sole discretion based on its review of the Participant's performance during the Performance Year.

Except as provided in Section VI, actual earning of a potentially earned Award shall not occur unless a Participant remains employed by the Company or its Affiliates through the date that actual earned Awards are paid. Actual earned Awards will be paid in cash as soon as practicable after the amount potentially earned and payable under the Award, if any, is determined, but in no event later than October 15th of the year following the end of the Performance Year.

VI. Change in Employee Status

A. Retirement or Death

If a Participant terminates employment with the Company or its Affiliates by reason of Retirement or death before payment of an Award is made, the Participant's Award shall be pro-rated on the basis of the ratio of (x) the number of completed months (rounded to the nearest whole number) of participation during the applicable Performance Year to (y) to twelve months. Payment of such pro-rated Award shall occur only if the Committee determines that the applicable Performance Measure(s) are achieved at the threshold level of performance set by the Committee and shall occur on the date that all other Participants receive payment of their respective earned Awards. For purposes of the Plan, "Retirement" means a Participant's termination of employment with the Company or an Affiliate for any reason except Cause after attaining 60 years of age and five years of combined service with the Company or any Affiliate. For purposes of the Plan, "Cause" shall mean (A) the willful and continued failure by a Participant to substantially perform his or her duties with the Company or any Affiliate (other than any such failure resulting from his or her incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the Participant by the Company or Affiliate, which demand specifically identifies the manner in which the Company or Affiliate believes that he or she has not substantially performed his or her duties, or (B) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company or its Affiliates, monetarily or otherwise. No act, or failure to act, on the Participant's part shall be deemed "willful" unless done, or omitted to be done, by him or her not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company or its Affiliates.

B. Other Changes in Status

For any other changes in employment status (e.g., new hire; termination for any reason other than Retirement or death; demotion; change in hours; or leave of absence), the Committee in its sole discretion will make determinations for the application of the Plan to Participants or eligible persons who have such a change in employee status.

VII. Section 409A

Each Award is intended to qualify for the "short-term deferral" exemption from Section 409A and shall be construed accordingly. Notwithstanding the preceding sentence, neither the Committee nor the Company or its Affiliates, nor any person acting on behalf of any of them,

shall be liable to a Participant by reason of any acceleration of income, or any tax or additional tax, asserted by reason of any failure of an Award or any portion thereof to satisfy the requirements for exemption from, or compliance with, Section 409A of the Code.

VIII. Amendment and Termination

The Committee may at any time or times amend the Plan or any outstanding Award for any purpose that may at the time be permitted by law, and may at any time terminate the Plan as to future grants of Awards; provided, however, that except as otherwise expressly provided in the Plan, the Committee may not, without a Participant's consent, alter the terms of an Award so as to affect adversely the Participant's rights under the Award, unless the Committee expressly reserved the right to do so when the Award was granted.

IX. Miscellaneous

(a) Rights Limited. Nothing in the Plan will be construed as giving any person the right to continued employment or employment for a specific period of time with the Company or its Affiliates. In no event shall the Plan, or any Award made under the Plan, form a part of an employee's contract of employment, if any. The loss of existing or potential profit in any Award will not constitute an element of damages in the event of termination of employment for any reason, even if the termination is in violation of an obligation of the Company or Affiliate to the Participant.

(b) Other Compensation Arrangements. The existence of the Plan or the grant of any Award will not in any way affect the Company's right to provide any employee bonuses or other compensation in addition to Awards granted under the Plan.

(c) Withholding Taxes. Any taxes required to be withheld by federal, state or local governments will be deducted from all payments of earned Awards under the Plan.

(d) Unfunded Status of Awards. All earned Awards will be paid from the Company's general assets. Nothing contained in this Plan will require the Company to set aside or hold in trust any funds for the benefit of any Participant.

(e) Effective Date. The Plan is effective as of July 1, 2011.

SANDY PARK OFFICE COMPLEX

LEASE

by and between

SANDY PARK I L.L.C.

a Utah Limited Liability Company

as Landlord

and

LIFEVANTAGE, INC.,

a Colorado Corporation

d/b/a LIFE VANTAGE

as Tenant

for space

Suite #100

9815 South Monroe Street

SALT LAKE CITY, UTAH

**SANDY PARK OFFICE COMPLEX – 9815 S. MONROE STREET, SALT LAKE CITY, UTAH
TABLE OF CONTENTS**

ARTICLE I.	BASIC LEASE PROVISIONS; ENUMERATION OF EXHIBITS	3
SECTION 1.01	BASIC LEASE PROVISIONS	3
SECTION 1.02	SIGNIFICANCE OF A BASIC LEASE PROVISION	6
SECTION 1.03	ENUMERATION OF EXHIBITS	6
ARTICLE II.	GRANT AND PREMISES	6
SECTION 2.01	PREMISES	6
ARTICLE III.	RENT	6
SECTION 3.01	BASE MONTHLY RENT	6
SECTION 3.02	ESCALATION	6
SECTION 3.03	TENANT’S SHARE OF OPERATING EXPENSES	7
SECTION 3.04	TAXES	9
SECTION 3.05	PAYMENTS	9
ARTICLE IV.	LEASE TERM, COMMENCEMENT DATE & PRELIMINARY TERM	9
SECTION 4.01	LEASE TERM	9
SECTION 4.02	LEASE COMMENCEMENT DATE	9
SECTION 4.03	PRELIMINARY TERM	9
ARTICLE V	CONSTRUCTION OF PREMISES	10
SECTION 5.01	CONSTRUCTION BY LANDLORD	10
SECTION 5.02	CHANGES AND ADDITIONS BY LANDLORD	10
SECTION 5.03	DELIVERY OF POSSESSION	10
ARTICLE VI.	TENANT’S WORK & LANDLORD’S CONTRIBUTION	10
SECTION 6.01	TENANT’S INITIAL IMPROVEMENTS	10
SECTION 6.02.		11
ARTICLE VII.	USE	11
SECTION 7.01	USE OF PREMISES	11
SECTION 7.02	HAZARDOUS SUBSTANCES	11
ARTICLE VIII.	OPERATION AND MAINTENANCE OF COMMON AREAS	12
SECTION 8.01	CONSTRUCTION AND CONTROL OF COMMON AREAS	12
SECTION 8.02	LICENSE	12
SECTION 8.03	AUDIT	12
ARTICLE IX.	ALTERATIONS, SIGNS, LOCKS & KEYS	13
SECTION 9.01	ALTERATIONS	12
SECTION 9.02	SIGNS	12
SECTION 9.03	LOCKS AND KEYS	12
ARTICLE X.	MAINTENANCE AND REPAIRS; ALTERATIONS; ACCESS	12
SECTION 10.01	LANDLORD’S OBLIGATION FOR MAINTENANCE	13
SECTION 10.02	TENANT’S OBLIGATION FOR MAINTENANCE	13
SECTION 10.03	SURRENDER AND RIGHTS UPON TERMINATION	14
ARTICLE XI.	INSURANCE AND INDEMNITY	14
SECTION 11.01	LIABILITY INSURANCE AND INDEMNITY	14
SECTION 11.02	FIRE AND CASUALTY INSURANCE	15
SECTION 11.03	WAIVER OF SUBROGATION	15
ARTICLE XII	UTILITY CHARGES	15
SECTION 12.01	OBLIGATION OF LANDLORD	15
SECTION 12.02	OBLIGATIONS OF TENANT	16
SECTION 12.03.	EXTRA HOURS CHARGES	16
SECTION 12.04.	LIMITATIONS ON LANDLORDS LIABILITY	17
ARTICLE XIII.	OFF-SET STATEMENT, ATTORNMENT AND SUBORDINATION	17
SECTION 13.01	OFF-SET STATEMENT	17
SECTION 13.02	ATTORNMENT	17
SECTION 13.03	SUBORDINATION	17
SECTION 13.04	MORTGAGEE SUBORDINATION	17
SECTION 13.05	REMEDIES	17
ARTICLE XIV.	ASSIGNMENT	17
SECTION 14.01	ASSIGNMENT	17
ARTICLE XV.	WASTE OR NUISANCE	18
SECTION 15.01	WASTE OR NUISANCE	18

ARTICLE XVI.	NOTICES	18
SECTION 16.01	NOTICES	18
ARTICLE XVII.	DESTRUCTION OF THE PREMISES	18
SECTION 17.01	DESTRUCTION	18
ARTICLE XVIII.	CONDEMNATION	18
SECTION 18.01	CONDEMNATION	18
ARTICLE XIX.	DEFAULT OF TENANT	19
SECTION 19.01	DEFAULT - RIGHT TO RE-ENTER	19
SECTION 19.02	DEFAULT - RIGHT TO RE-LET	19
SECTION 19.03	LEGAL EXPENSES	20
ARTICLE XX.	BANKRUPTCY, INSOLVENCY OR RECEIVERSHIP	20
SECTION 20.01	ACT OF INSOLVENCY, GUARDIANSHIP, ETC	20
ARTICLE XXI.	LANDLORD ACCESS	20
SECTION 21.01	LANDLORD ACCESS	20
ARTICLE XXII.	LANDLORDS LIEN	20
ARTICLE XXIII.	HOLDING OVER	20
SECTION 23.01	HOLDING OVER	20
SECTION 23.02	SUCCESSORS	21
ARTICLE XXIV.	RULES AND REGULATIONS	21
SECTION 24.01	RULES AND REGULATIONS	21
ARTICLE XXV.	QUIET ENJOYMENT	21
SECTION 25.01	QUIET ENJOYMENT	21
ARTICLE XXVI.	SECURITY DEPOSIT	21
SECTION 26.01	SECURITY DEPOSIT	21
ARTICLE XXVII.	MISCELLANEOUS PROVISIONS	21
SECTION 27.01	WAIVER	21
SECTION 27.02	ENTIRE AGREEMENT	22
SECTION 27.03	FORCE MAJEURE	22
SECTION 27.04	LOSS AND DAMAGE	22
SECTION 27.05	ACCORD AND SATISFACTION	22
SECTION 27.06	NO OPTION	22
SECTION 27.07	ANTI-DISCRIMINATION	22
SECTION 27.08	SEVERABILITY	22
SECTION 27.09	OTHER MISCELLANEOUS PROVISIONS	22
SECTION 27.10	REPRESENTATION REGARDING AUTHORITY	23
SECTION 27.11	DISCLOSURE OF PARTIES	23
SECTION 27.12	TENANT CERTIFICATION	23
ARTICLE XXVIII.	ADDITIONAL PROVISIONS	23
SECTION 28.01	OPTION TO RENEW	23
SIGNATURES		24
LANDLORD ACKNOWLEDGMENT		24
TENANT ACKNOWLEDGMENT		24

LEASE AGREEMENT

ARTICLE I. BASIC LEASE PROVISIONS; ENUMERATION OF EXHIBITS

SECTION 1.01. BASIC LEASE PROVISIONS

- (A) **DATE:** September 22nd, 2011.
- (B) **LANDLORD:** SANDY PARK I L.L.C., a Utah limited liability company
- (C) **ADDRESS OF LANDLORD FOR NOTICES (Section 16.01):** 2733 East Parleys Way, Suite 300, Salt Lake City, UT 84109.
- (D) **TENANT:** Lifevantage, Inc., a Colorado corporation (FIN: 90-0224471)
- (E) **ADDRESS OF TENANT FOR NOTICES (Section 16.01):** San Diego office: 11545 W Bernardo Ct # 301, San Diego, CA 92127-1632 Phone (858) 312-8000.
- (F) **PERMITTED USES (Section 7.01):** General office including business administration, sales, training and marketing of anti-aging related products.
- (G) **TENANT'S TRADE NAME (Exhibit "E" - Sign Criteria):** Life Vantage
- (H) **PROJECT (Section 2.01):** Sandy Park Office Complex consisting of one building situated at 9815 South Monroe Street in Sandy City, County of Salt Lake, State of Utah. The gross rentable square feet for the building is 123,342 square feet.
- (I) **PREMISES (Section 2.01):** That portion of the building at the approximate location outlined on Exhibit "A" known as Suite 100, consisting of approximately 20,805 square feet of gross rentable area. Approximately 12.671% of such area is Tenant's proportionate share of common area hallways, restrooms, etc. in the building.
- (J) **DELIVERY OF POSSESSION (Section 5.03):** Preliminary Term (Section 4.03) begins on the latter of (a) January 1, 2012, (b) ninety (90) days from execution of the Lease, or (c) ninety (90) days from mutual agreement of Tenant layout and finish requirements.
- (K) **LEASE TERM, COMMENCEMENT AND EXPIRATION DATE (Sections 4.01 & 4.02):** The Lease Term shall commence on the earlier of (a) Delivery of Possession or (b) opening of Tenant for business at the Leased Premises, and shall be for a period of sixty-six (66) full months. Tenant, and its contactors, subcontractors, agents, etc., shall be permitted to enter the Premises at any time prior to the Lease Commencement Date for the purpose of installing furniture, fixtures and equipment, provided that such early access by Tenant shall not interfere with the construction of the Landlord's Work.
- (L) **BASE MONTHLY RENT (Section 3.01):** Twenty-Nine Thousand Six Hundred Sixty-Seven and 75/100 Dollars (\$35,748.25). Notwithstanding the foregoing, Base Monthly Rent shall commence on the first day of the seventh (7th) calendar month of the Lease Term ("Rental Commencement Date").
- (M) **ESCALATIONS IN BASE MONTHLY RENT (Section 3.02):**
\$36,463.22 monthly, commencing on the first day of the nineteenth (19th) month;
\$37,192.48 monthly, commencing on the first day of the thirty-first (31st) month;
\$37,936.33 monthly, commencing on the first day of the forty-third (43rd) month;
\$39,695.06 monthly, commencing on the first day of the fifty-fifth (55th) month.
- (N) **LANDLORD'S SHARE OF OPERATING EXPENSES (Section 3.03):** Landlord shall pay all Operating Expenses for the first (1st) twelve (12) months of the Lease Term and an amount equal to the Operating Expenses for the calendar year 2012 (the "Base Year" thereafter).

(O) **TENANT'S PRO RATA SHARE OF OPERATING EXPENSES (Section 3.03):** 13.4528% percent of all Operating Expenses as defined in Section 3.03 in excess of Landlord's Share of Operating Expenses.

(P) **RESPONSIBILITY FOR UTILITIES AND SERVICES:** Subject to the provisions of Section 3.03, this Lease provides that the utilities and services shall be paid by the party shown below:

Heat:	Landlord	Real Property Taxes:	Landlord
Water:	Landlord	Personal Property Taxes:	Tenant
Telephone:	Tenant	Janitorial:	Tenant
Electricity:	Landlord	Building Casualty Insurance:	Landlord
Common Area Maintenance:	Landlord	Personal Property Insurance:	Tenant
Liability Insurance-Premises:	Tenant	Liability Ins.-Common Area:	Landlord

Landlord shall arrange for utility services for Premises except that telephone services shall be contracted for directly by Tenant. Landlord may separately sub-meter or monitor utilities to the extent Landlord may determine.

(Q) **EXCESS HOUR UTILITY CHARGES AND HOURS OF OPERATION (Section 12.03):** Standard operating hours for the Building shall be 7:00 a.m. to 6:30 p.m. Monday through Friday and 8:00 a.m. to 12:00 Noon on Saturday, excluding holidays. To the extent Tenant operates during any time in excess of those specified above, Tenant shall pay an extra hourly utility charge of \$0.25 per hour per 1,000 square feet for lighting and electricity and \$5.00 per hour per 1,000 square feet for mechanical/HVAC system for each full or partial hour during which Tenant operates.

(R) **LANDLORD'S WORK (Exhibit "C"):** Landlord shall provide a turnkey Tenant Improvement, subject to a mutually approved space plan. Finishes and materials shall be mutually agreed to and shall be based on a building common standard. If Tenant requests any special finish, material or improvement beyond the building common standard, Tenant will pay the incremental cost in excess of the building common standard in accordance with Exhibit "C".

(S) **COVERED PARKING (Section 2.01):** Tenant shall be entitled to the use of five (5) covered parking spaces per one thousand (1,000) square feet leased useable area. Within this parking allowance, Tenant may occupy twelve (12) reserved parking stalls split between the first (1st) and second (2nd) floor at no additional cost. Said spaces shall be at locations to be designated by Landlord.

(T) **PREPAID RENT:** Twenty Nine Thousand Six Hundred Sixty-Seven and 57/100 Dollars (\$35,748.25) paid upon execution of this Lease to be applied to the first installment of Base Monthly Rent due hereunder.

(U) **SECURITY DEPOSIT (Section 26.01):** Sixty Thousand Dollars and 00/100 Dollars (\$60,000.00).

(V) Intentionally Omitted.

(W) Intentionally Omitted.

(X) **RIGHT OF FIRST OFFER:** Landlord hereby grants to Tenant a right to lease the Qualified Space (as defined below) on and subject to the terms and conditions set forth in this Section. As used herein, "Qualified Space" means any vacant space located adjacent to the Premises on the first (1st) floor of the building that becomes available during the term of the Lease, including without limitation, any extensions or renewals thereof. Provided that Tenant is not in default of the Lease, Landlord shall offer to lease the Qualified Space to Tenant on terms and conditions that are acceptable to Landlord ("Offer Proposal"). Tenant shall either accept or reject the Offer Proposal in writing to Landlord within ten (10) days of receipt of the Offer Proposal (or be deemed to reject the Offer Proposal). If Tenant does not accept such Offer Proposal, or is deemed to reject the Offer Proposal, Landlord is permitted for a period of one (1) year following the date of such rejection (or deemed rejection) to enter into a third party lease ("Third Party Lease") for such Qualified Space on terms not less favorable than those contained in the offer Proposal. In such

event, Tenant will be deemed to have waived its right to enter into a lease for the Qualified Space. The rights set forth in this Section are personal to the party executing this Lease and are not assignable or transferable. Upon a permitted assignment or subletting of this Lease the rights under this Section shall expire and be of no further force and effect. Tenant's rights hereunder are conditioned upon and subject to Tenant's not being in default beyond an applicable cure period during the time the Tenant accepts such Offer Proposal. Additionally, the Tenant has been notified that the existing lease of the adjacent Suite 103 (which contains approximately 3,013 square feet of leasable area) expires on November 28, 2015. Accordingly, Landlord has agreed not to renew or extend that lease past its current expiration should Tenant give written notice to Landlord of its intent to Lease said space on or before April 1, 2015 and thereafter enter into a binding amendment to lease said space at the same rental rate and terms as in effect in this Lease at the time Tenant takes possession of Suite 103.

(Y) OPTION TO RENEW (Section 28.01): Provided Tenant is not, and has not been, in default under any of the terms and conditions contained herein, Tenant shall have one (1) additional consecutive five (5) year option to renew and extend the Lease Term as provided herein. The Option shall only be exercised by the Tenant delivering written notice thereof to the Landlord not less than six (6) months prior to the expiration of the original term. Base Monthly Rent for the Option period shall be at the then fair market rate.

(Z) SIGNAGE (Exhibit "E"): Tenant shall have the right to non-exclusive building crown signage on the south face of the building. Further, Tenant shall have the right to suite and monument signage. Building crown signage will be at Tenant's sole cost and expense. Suite and monument signage will be provided by Landlord as part of the Landlord's Work. All signage will be in accordance with building standards under Exhibit "E".

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SECTION 1.02 SIGNIFICANCE OF A BASIC LEASE PROVISION. The foregoing provisions of Section 1.01 summarize for convenience only certain fundamental terms of the Lease delineated more fully in the Articles and Sections referenced therein. In the event of a conflict between the provisions of Section 1.01 and the balance of the Lease, the latter shall control.

SECTION 1.03 ENUMERATION OF EXHIBITS. The exhibits enumerated in this Section and attached to this Lease are incorporated in the Lease by this reference and are to be construed as a part of the Lease.

- EXHIBIT "A" - SITE PLAN
- EXHIBIT "A-1" - LEASE PLAN
- EXHIBIT "B" - LEGAL DESCRIPTION(S)
- EXHIBIT "C" - LANDLORD'S WORK
- EXHIBIT "D" - TENANT'S WORK
- EXHIBIT "E" - SIGN CRITERIA

ARTICLE II. GRANT AND PREMISES

SECTION 2.01 PREMISES. In consideration for the rent to be paid and covenants to be performed by Tenant, Landlord hereby leases to Tenant, and Tenant leases from Landlord for the Term and upon the terms and conditions herein set forth premises described in Section 1.01(I) (hereinafter referred to as the "Premises" or "Leased Premises"), located in an office building development referred to in Section 1.01(H) (hereinafter referred to as the "Building"). The legal description for the property on which the Building is located is attached hereto as Exhibit "B". Gross rentable area measurements herein specified are from the exterior of the perimeter walls of the building to the center of the interior walls. In addition, the percentage set forth in Section 1.01(I) is the portion of the gross rentable area attributable to Tenant's proportionate share of common hallways, restrooms, etc. in the building.

The exterior walls and roof of the Premises and the areas beneath said Premises are not demised hereunder and the use thereof together with the right to install, maintain, use, repair, and replace pipes, ducts, conduits, and wires leading through the Premises in locations which will not materially interfere with Tenant's use thereof and serving other parts of the building or buildings are hereby reserved to Landlord. Landlord reserves (a) such access rights through the Premises as may be reasonably necessary to enable access by Landlord to the balance of the building and reserved areas and elements as set forth above; and (b) the right to install or maintain meters on the Premises to monitor use of utilities. In exercising such rights, Landlord will use reasonable efforts so as to not commit waste upon the Premises and as far as practicable to minimize annoyance, interference or damage to Tenant when making modifications, additions or repairs.

Subject to the provisions of Article VIII and Section 27.11, Tenant and its customers, agents and invitees have the right to the non-exclusive use, in common with others of such unreserved automobile parking spaces, driveways, footways, and other facilities designated for common use within the Building, except that with respect to non-exclusive areas, Tenant shall cause its employees to park their cars only in areas specifically designated from time to time by Landlord for that purpose and shall actively police employees to keep them from parking in "visitor" or other restricted parking areas. Tenant shall be entitled to the use of covered parking spaces in accordance with the provisions of Section 1.01(S).

ARTICLE III. RENT

SECTION 3.01 BASE MONTHLY RENT. Tenant agrees to pay to Landlord the Base Monthly Rent set forth in Section 1.01(L) at such place as Landlord may designate, without prior demand therefor, without offset or deduction and in advance on or before the first day of each calendar month during the Rental Term, commencing on the Rental Commencement Date. In the event the Rental Commencement Date occurs on a day other than the first day of a calendar month, then the Base Monthly Rent to be paid on the Rental Commencement Date shall include both the Base Monthly Rent for the first full calendar month occurring after the Rental Commencement Date, plus the Base Monthly Rent for the initial fractional calendar month prorated on a per-diem basis (based upon a thirty (30) day month).

SECTION 3.02 ESCALATION. As set forth in Section 1.01(M).

SECTION 3.03 TENANT'S SHARE OF OPERATING EXPENSES. (a) Tenant shall pay as additional rent the amount by which Tenant's Pro-rata Share of Operating Expenses as set forth in Section 1.01(O) exceeds Landlord's Share of Operating Expenses set forth in Section 1.01(N) (hereinafter "Tenant's Share").

(b) Landlord shall bill Tenant for Tenant's Share, if any, at the end of the second Lease Year of the Rental Term. Beginning with the third Lease Year and continuing thereafter, Landlord shall reasonably estimate Tenant's Share of Operating Expenses for the next twelve (12) months and one-twelfth (1/12th) of the estimated Tenant's Share shall be added to the Base Monthly Rent as determined in Sections 3.01 and 3.02 for the next full twelve (12) calendar months of the Rental Term and shall be paid as set forth in Section 3.05.

(c) To the extent that Tenant's Share of Operating Expenses is less or greater than the estimated amount paid by Tenant during Lease Year, Tenant shall be entitled to a reimbursement or shall pay the deficiency as the case may be. Landlord shall determine the actual Operating Expenses within forty-five (45) days after the end of the Lease Year and shall deliver a computation of such Operating Expenses in reasonable detail to Tenant together with an invoice for Tenant's share or notice of credit for reimbursement thereof. Tenant agrees to pay the amount of said invoice within ten (10) days after invoice therefor.

(d) "Operating Expenses" shall mean all reasonable actual costs and expense incurred by Landlord in connection with the ownership, operation, management and maintenance of the Building and Property and related improvements located thereon (the "Improvements", including, but not limited to, all reasonable expenses incurred by Landlord as a result of Landlord's compliance with any and all of its obligations under this Lease (or under similar leases with other tenants). In explanation of the foregoing, and not in limitation thereof, Operating Expenses shall include: utilities, repair and maintenance of the Leased Premises, including HVAC, electrical, plumbing, sprinkler and other building system maintenance, (excluding roof and structural repair), all real and personal property taxes and assessments (whether general or special, known or unknown, foreseen or unforeseen) and any tax or assessment levied or charged in lieu thereof, whether assessed against Landlord and/or Tenant and whether collected from Landlord and/or Tenant; snow removal, trash removal, common area utilities, cost of equipment or devices used to conserve or monitor energy consumption, supplies, insurance, license, permit and inspection fees, building management fees, cost of services of independent contractors, cost of services of independent contractors, cost of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with day-to-day operation, maintenance, repair, and replacement of the Building, its equipment and the adjacent common areas (including, but not limited to janitorial, gardening, landscaping, security, parking, elevator, painting, plumbing, electrical, mechanical, carpentry, window washing, performing services not uniformly available to or performed for substantially all Building tenants; and rental expense or a reasonable allowance for depreciation of personal property used in the maintenance, operation and repair of the Building. For purposes hereof, building management fees shall be 4% of the Base Monthly Rentals due and payable.

(e) The foregoing notwithstanding, Operating Expenses shall not include:

1. Costs borne directly by Tenant such as janitorial, liability insurance of Tenant and personal casualty insurance;
2. Cost of decorating, redecorating, or special cleaning or other services not provided on a regular basis to tenants on the Building, unless such decorations or special cleaning are typical and customary of first class office buildings in the market;
3. Wages, salaries, fees, and fringe benefits paid to administrative or executive personnel or officers or partners of Landlord unless employed to perform ordinary and reasonable services at competitive rates as Independent contractors;

4. Any charge for depreciation of Building or Building equipment (except improvements made to effect savings as provided above) and any interest or other financing charge; and except that new or replacement of maintenance equipment, if any, purchased may be depreciated over its useful life and such depreciation charged as an Operating Expense;
5. Any charge for Landlord's net income taxes, excess profit taxes, or similar taxes on Landlord's business excluding any rent tax or any tax measured by Landlord's gross receipts from the Building, which shall be deemed an Operating Expense;
6. All costs relating to activities for the solicitation and execution of leases of space in the building, including, but not limited to, commissions, tenant improvements, legal fees and marketing expenses;
7. All costs for which Tenant or any other tenant in the Building directly reimburses Landlord;
8. The cost of any repair made by Landlord because of the total or partial destruction of the Building or the condemnation of a portion of the Building;
9. The cost of any items for which Landlord is reimbursed by insurance or otherwise compensated by parties other than tenants of the Building;
10. The cost of any additions or capital improvements to the building subsequent to the date of original construction except as to effect labor savings as provided above;
11. Any Operating Expense representing an amount paid to a related corporation, entity, or person which is in excess of the amount, which would be paid on a competitive basis for similar services done by unrelated parties of equal qualification;
12. The cost of alterations of space in the Building leased to other tenants;
13. The cost of overtime or other expense to Landlord in curing its defaults or performing work expressly provided in this Lease to be borne at Landlord's expense;
14. Inheritance taxes;
15. Gift taxes;
16. Transfer taxes;
17. Special assessments levied against other than Real Estate Assessments payable hereunder, while includable in Operating Expenses, shall be chargeable in installments if the Landlord is permitted to do so. Furthermore, Tenant may upon ten (10) days' notice to Landlord inspect or audit Landlord's business records of Operating Expenses and if Tenant shall discover that Landlord has made an error of more than five percent (5%) resulting in an overcharge to Tenant, then Landlord shall reimburse to Tenant, Tenant's costs reasonably incurred for said audit; and
18. Structural or foundation repairs required to maintain the structural integrity of the Building, but not normal exterior maintenance such as painting, drivit replacement or repair etc.

*** (F) To calculate Operating Expenses attributable to the second and third floors of the Project pursuant to Section 1.01(N), Landlord shall deduct from the total Operating Expenses set forth in Section 3.03(d) the following items:

1. Property Taxes, Insurance and maintenance and other charges (including the building management fee) directly attributable to restaurant building and its tenant(s), but excluding land and exterior common areas.
2. 19.9724% of exterior common area charges.
3. 14.2826% of covered parking area maintenance costs, roof and foundation repair, property taxes, and casualty insurance.
4. Any other costs directly related to the first level lease areas including but not limited to building management fee, HVAC maintenance contracts on first level HVAC units etc.

SECTION 3.04 TAXES.

(a) Landlord shall pay all real property taxes and assessments (all of which are hereinafter collectively referred to as "Taxes") which are levied against or which apply with respect to the Premises.

(b) Tenant shall prior to delinquency pay all taxes, assessments, charges, and fees which during the Rental Term hereof may be imposed, assessed, or levied by any governmental or public authority against or upon Tenant's use of the Premises or any inventory, personal property, fixtures or equipment kept or installed, or permitted to be located therein by Tenant.

SECTION 3.05 PAYMENTS. All payments of Base Monthly Rent, additional rent and other payments to be made to Landlord shall be made on a timely basis and shall be payable to Landlord or as Landlord may otherwise designate. All such payments shall be mailed or delivered to Landlord's principal office set forth in Section 1.01(C), or at such other place as Landlord may designate from time to time in writing. If mailed, all payments shall be mailed in sufficient time and with adequate postage thereon to be received in Landlord's account by no later than the due date for such payment. If Tenant shall fail to pay any Base Monthly Rent or any additional rent or any other amounts or charges when due, Tenant shall pay interest from the due date of such past due amounts to the date of payment, both before and after judgment at a rate equal to the greater of twelve (12%) percent per annum or two (2%) percent over the "prime" or "base" rate charged by Zions First National Bank of Utah at the due date of such payment; provided however, that in any case the maximum amount or rate of interest to be charged shall not exceed the maximum non-usurious rate in accordance with applicable law.

ARTICLE IV. LEASE TERM, COMMENCEMENT DATE & PRELIMINARY TERM

SECTION 4.01 LEASE TERM. The initial term of this Lease shall be for the period defined as the Lease Term in Section 1.01(K), plus the partial calendar month, if any, occurring after the Lease Commencement Date (as hereinafter defined) if the Lease Commencement Date occurs other than on the first day of a calendar month. "Lease Year" shall include twelve (12) calendar months, except that first Lease Year will also include any partial calendar month beginning on the Lease Commencement Date.

SECTION 4.02 LEASE COMMENCEMENT DATE. The Lease Term of this Lease and Tenant's obligation to pay rent hereunder shall commence as set forth in Section 1.01(K) (the "Lease Commencement Date"). Within five (5) days after Landlord's request to do so, Landlord and Tenant shall execute a written affidavit, in recordable form, expressing the Lease Commencement Date, the Rental Commencement Date and the termination date, which affidavit shall be deemed to be part of this Lease.

SECTION 4.03 PRELIMINARY TERM. The period between the date Tenant enters upon the Premises and the commencement of the Lease Term will be designated as the "Preliminary Term" during which no Base Monthly Rent shall accrue; however, other covenants and obligations of Tenant shall be in full force and effect. Delivery of possession of the Premises to Tenant as provided in Section 5.03 shall be considered "entry" by Tenant and commencement of "Preliminary Term".

ARTICLE V. CONSTRUCTION OF PREMISES

SECTION 5.01 CONSTRUCTION BY LANDLORD. Landlord shall construct or cause to be constructed the Building and Premises substantially in accordance with Outline Specifications set forth in Exhibit "C" attached hereto. Landlord's construction obligation shall include Tenant Improvements pursuant to mutually agreed space layout plans and specifications subject to the provisions of Article VI of this Lease. After consultation with Tenant, Landlord's architect shall furnish the plans and specifications for the Leased Premises, but the cost thereof shall be charged toward Landlord Contribution. It is understood and agreed by Tenant that no minor changes from any plans or from said Outline Specifications which may be necessary during construction of the Premises or the Building shall affect or change this Lease or invalidate same.

SECTION 5.02 CHANGES AND ADDITIONS BY LANDLORD. Landlord hereby reserves the right at any time, and from time to time, to make alterations or additions to, and to build additional stories on the Building in which the Premises are contained and to build adjoining the same and to modify the existing parking or other common areas to accommodate additional buildings. Landlord also reserves the right to construct other buildings or improvements in the Building area from time to time, on condition that if the Building area is expanded so as to include any additional buildings, Landlord agrees to create or maintain a parking ratio adequate to meet local laws and ordinances, including the right to add land to the Building or to erect parking structures thereon. Notwithstanding the foregoing, Tenant's parking will not be materially changed without Tenant's prior written consent.

SECTION 5.03 DELIVERY OF POSSESSION. Except as hereinafter provided, Landlord agrees to use good faith efforts to deliver the Premises to Tenant in the condition called for in Exhibit "C" on or before the date set forth in Section 1.01(J). The Premises shall be deemed as ready for delivery when Landlord shall have substantially completed construction of the portion of the said Premises to be occupied exclusively by Tenant, in accordance with Landlord's obligations set forth in Exhibit "C". Landlord shall, from time to time during the course of construction, provide information to Tenant concerning the progress of construction of said Premises, and will give written notice to Tenant when said Premises are in fact ready for Tenant's occupancy. Notwithstanding the foregoing, Landlord shall have the right to extend the date for delivery of possession of the Premises for a period of one (1) month by notice in writing given to Tenant any time prior to said delivery date. If any disputes shall arise as to the Premises being ready for delivery of possession, a certificate furnished by Landlord's architect in charge so certifying shall be conclusive and binding of that fact and date upon the parties. It is agreed that by occupying the Premises as a tenant, Tenant formally accepts the same and acknowledges that the Premises are in the condition called for hereunder, except for items specifically excepted in writing at date of occupancy as "incomplete".

ARTICLE VI. TENANT'S WORK

SECTION 6.01. TENANT'S INITIAL IMPROVEMENTS. (a) Landlord shall provide Tenant's Tenant Improvements as defined in Section H of Exhibit "D". Landlord shall provide at no charge, all space planning, architectural and mechanical drawings required to construct Tenant Improvements including construction drawings stamped by a licensed architect and submitted for approvals and permits. Tenant agrees to cooperate and provide a representative to direct space planning efforts at such times as are requested by Landlord and shall give approvals or rejections of Tenant Improvement plans and specifications within five (5) days after submission by Landlord's architect. If Tenant fails to timely act as set forth in Article VI, then the time for delivery of possession shall be postponed appropriately.

(b) Tenant agrees to pay for all costs of Tenant Improvements and any other items installed by Tenant on the Premises to the extent such costs exceed the amount of Landlord's Contribution set forth in Section 6.02 and 1.01(R). Prior to commencing construction of Tenant Improvements, Landlord shall obtain competitive bids from contractors mutually agreed upon between Landlord and Tenant. Tenant shall be entitled to review such bids and mutually agree with Landlord as to the cost thereof. If the estimated cost exceeds Landlord's Contribution, then Tenant shall deposit with Landlord the amount of such excess prior to Commencement of construction.

ARTICLE VII. USE

SECTION 7.01 USE OF PREMISES. Tenant shall use and occupy the Premises solely for the purpose of conducting the business indicated in Section 1.01(F). Tenant shall promptly comply with all present or future laws, ordinances, lawful orders and regulations affecting the Premises and the cleanliness, safety, occupancy and use of same. Tenant shall not make any use of the Premises which will cause cancellation or an increase in the cost of any insurance policy covering the same. Tenant shall not keep or use on the Premises any article, item, or thing which is prohibited by the standard form of fire insurance policy. Tenant shall not commit any waste upon the Premises and shall not conduct or allow any business, activity, or thing on the Premises which is an annoyance or causes damage to Landlord, to other subtenants, occupants, or users of the improvements, or to occupants of the vicinity.

SECTION 7.02 HAZARDOUS SUBSTANCES.

(a) Landlord shall be responsible for removal of any Hazardous Substances that existed at the Project prior to construction or any that Landlord has or does install at the Premises or Building. After reasonable inquiry, Landlord is not aware of any existing Hazardous Substances within the Project areas.

(b) Tenant shall not use, produce, store, release, dispose or handle in or about the Leased Premises or transfer to or from the Leased Premises (or permit any other party to do such acts) any Hazardous Substance except in compliance with all applicable Environmental Laws. Tenant shall not construct or use any improvements, fixtures or equipment or engage in any act on or about the Leased Premises that would require the procurement of any license or permit pursuant to any Environmental Law. Tenant shall immediately notify Landlord of (i) the existence of any Hazardous Substance on or about the Leased Premises that may be in violation of any Environmental Law (regardless of whether Tenant is responsible for the existence of such Hazardous Substance), (ii) any proceeding or investigation by any governmental authority regarding the presence of any Hazardous Substance on the Leased Premises or the migration thereof to or from any other property, (iii) all claims made or threatened by any third party against Tenant relating to any loss or injury resulting from any Hazardous Substance, or (iv) Tenant's notification of the National Response Center of any release of a reportable quantity of a Hazardous Substance in or about the Leased Premises. "Environmental Laws" shall mean any federal, state or local statute, ordinance, rule, regulation or guideline pertaining to health, industrial hygiene, or the environment, including without limitation, the federal Comprehensive Environmental Response, Compensation, and Liability Act; "Hazardous Substance" shall mean all substances, materials and wastes that are or become regulated, or classified as hazardous or toxic, under any Environmental Law. If it is determined that any Hazardous Substance exists on the Leased Premises resulting from any act of Tenant or its employees, agents, contractors, licensees, subtenants or customers, then Tenant shall immediately take necessary action to cause the removal of said substance and shall remove such within ten (10) days after discovery. Notwithstanding the above, if the Hazardous Substance is of a nature that cannot be reasonably removed within ten (10) days Tenant shall not be in default if Tenant has commenced to cause such removal and proceeds diligently thereafter to complete removal, except that in all cases, any Hazardous Substance must be removed within sixty (60) days after discovery thereof. Furthermore, notwithstanding the above, if in the good faith judgment of Landlord, the existence of such Hazardous Substance creates an emergency or is of a nature which may result in immediate physical danger to persons at the Property, Landlord may enter upon the Leased Premises and remove such Hazardous Substances and charge the cost thereof to Tenant as Additional Rent.

(c) The party herein responsible for removal of Hazardous Substances shall upon learning of such condition proceed within five (5) days thereafter to commence removal of such Hazardous Substance and shall diligently continue to effect such removal until completion. Removal shall be accomplished in accordance with any applicable safety standards.

ARTICLE VIII. OPERATION AND MAINTENANCE OF COMMON AREAS.

SECTION 8.01 CONSTRUCTION AND CONTROL OF COMMON AREAS. All automobile parking areas, driveways, entrances and exits thereto, and other facilities furnished by Landlord in or near the buildings or Building, including if any, employee parking areas, truck ways, loading docks, mail rooms or mail pickup areas, pedestrian sidewalks and hallways, landscaped areas, retaining walls, stairways, restrooms and other areas and improvements provided by Landlord for the general use in common tenants, their officers, agents, employees and customers, shall at all times be subject to the exclusive control and management of Landlord which shall have the right from time to time to establish, modify and enforce reasonable Rules and Regulations with respect to all facilities and areas mentioned in this Section. Landlord shall have the right to construct, maintain and operate lighting and drainage facilities on or in all said areas and improvements; to police the same, from time to time to change the area, level, location and arrangement of parking areas and other facilities hereinabove referred to; to restrict parking by tenants, their officers, agents and employees to employee parking areas; to close temporarily all or any portion of said areas or facilities to such extent as may, in the opinion of counsel, be legally sufficient to prevent a dedication thereof or the accrual of any rights to any person or the public therein; to assign "reserved" parking spaces for exclusive use of certain tenants or for customer parking, to discourage non-employee and non-customer parking; and to do and perform such other acts in and to said areas and improvements as, in the exercise of good business judgment, the Landlord shall determine to be advisable with a view toward maintaining of appropriate convenience uses, amenities, and for permitted uses by tenants, their officers, agents, employees and customers. Landlord will operate and maintain the common facilities referred to above in such a manner as it, in its sole discretion, shall determine from time to time. Without limiting the scope of such discretion, Landlord shall have the full right and authority to employ all personnel and to make all Rules and Regulations pertaining to and necessary for the proper operation, security and maintenance of the common areas and facilities. Building and/or project signs, traffic control signs and other signs determined by Landlord to be in best interest of the Building, will be considered part of common area and common facilities.

SECTION 8.02. LICENSE. All common areas and facilities not within the Premises, which Tenant may be permitted to use and occupy, are to be used and occupied under a revocable license, and if the amount of such areas be diminished, Landlord shall not be subject to any liabilities nor shall Tenant be entitled to any compensation or diminution or abatement of rent, nor shall such diminution of such areas be deemed constructive or actual eviction, so long as such revocations or diminutions are deemed by Landlord to serve the best interests of the Building.

SECTION 8.03. AUDIT. Tenant shall have the right, not more frequently than once every two (2) calendar years, to audit (the "CAM Audit") all of Landlord's or Landlord's agent's records pertaining to Common Area Charges for the prior two (2) Lease Years. Tenant shall not be permitted to utilize a so-called "contingent fee" CAM auditor. Accordingly, any representative of Tenant conducting, assisting, or having any involvement with the CAM Audit shall not be permitted to have a financial stake in the outcome of the CAM audit and Landlord shall be entitled to receive credible evidence of the same and Landlord may refuse to allow such CAM audit in the absence of such evidence. Additionally, any representative of Tenant conducting a CAM audit shall first sign a confidentiality agreement that provides that it will not disclose the audit, its conclusions or any information obtained in the course of conducting the audit to anyone other than Tenant and Landlord.

Landlord shall retain its records regarding Common Area Charges for a period of at least two (2) years following the final billing for each calendar year during the Term. At any time during such two (2) year period, upon thirty (30) days' advance written notice to Landlord, Tenant may conduct a CAM Audit. The CAM Audit shall commence on a date of which Tenant has notified Landlord not less than thirty (30) days in advance. Tenant shall in all cases share with Landlord the conclusions of the CAM Audit and/or any CAM Audit report. If the CAM Audit discloses an overbilling, Landlord may, by written notice to Tenant within forty-five (45) days of Landlord's receipt of a copy of the CAM Audit, object to the conclusions or process of the CAM Audit, stating its conclusions as to whether or not there was any overbilling (and if so, the amount thereof). If Tenant disputes Landlord's conclusions, Tenant shall notify Landlord and the parties shall use good faith efforts to resolve the dispute. If Landlord agrees with the CAM Audit, Landlord

shall pay to Tenant the amount of the overbilling within forty-five (45) days of Landlord's receipt of a copy of the CAM Audit. If the CAM Audit discloses an underbilling, Tenant shall pay to Landlord the amount of the underbilling within forty-five (45) days of Tenant's receipt of a copy of the CAM Audit or its conclusions.

ARTICLE IX. ALTERATIONS, SIGNS, LOCKS & KEYS

SECTION 9.01 ALTERATIONS. Tenant shall not make or suffer to be made any alterations or additions to the Premises or any part thereof without the prior written consent of Landlord. Any additions to, or alterations of the Premises except movable furniture, equipment and trade fixtures shall become a part of the realty and belong to Landlord upon the termination of Tenant's lease or renewal term or other termination or surrender of the Premises to Landlord.

SECTION 9.02 SIGNS. Tenant shall not place or suffer to be placed or maintained on any exterior door, wall or window of the Premises, or elsewhere in the Building, any sign, awning, marquee, decoration, lettering, attachment, canopy, advertising matter or other thing of any kind, and will not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Premises without first obtaining Landlord's written approval. Tenant shall maintain any such sign, awning, canopy, decoration, lettering, advertising matter or other things as may be approved in good condition and repair at all times. Landlord may, at Tenant's cost, and without liability to Tenant, enter the Premises and remove any item erected in violation of the Section 9.02. Landlord has established rules and regulations governing the size, type and design of all signs, decorations, etc., which are specifically set forth in Exhibit "E" attached hereto and by this reference incorporated herein.

SECTION 9.03 LOCKS AND KEYS. Landlord shall install a card key system for access to the Building and covered parking area and shall issue appropriate card keys to Tenant and Tenant's authorized employees. Landlord shall initially provide keys for entry doors to the Premises. From time to time, Tenant may change locks or install other locks on doors, but if Tenant does, Tenant must provide Landlord with duplicate keys within twenty four hours after said change or installation. Tenant upon termination of this Lease shall deliver to Landlord all the keys to the Building and Premises including any interior offices, toilet rooms, combinations to built-in safes, etc. which shall have been furnished to or by the Tenant or are in the possession of the Tenant.

ARTICLE X. MAINTENANCE AND REPAIRS; ALTERATIONS; ACCESS

SECTION 10.01 LANDLORD'S OBLIGATION FOR MAINTENANCE. Landlord shall maintain and repair: (1) the areas outside the Premises including hallways, public restrooms, if any, general landscaping, parking areas, driveways and walkways; (2) the Building roof, and foundation; and (3) all plumbing, electrical, heating, and air conditioning systems. However, if the need for such repairs or maintenance results from any careless, wrongful or negligent act or omission of Tenant, Tenant shall pay the entire cost of any such repair or maintenance including a reasonable charge to cover Landlord's supervisory overhead. Landlord shall not be obligated to repair any damage or defect until receipt of written notice from Tenant of the need of such repair and Landlord shall have a reasonable time after receipt of such notice in which to make such repairs. Tenant shall give immediate notice to Landlord in case of fire or accidents in the Premises or in the building of which the Premises are a part or of defects therein or in any fixtures or equipment provided by Landlord. Costs of Landlord-provided maintenance for Item 2 herein shall be included as Operating Expenses as defined in Section 3.03(d) and (e) herein.

SECTION 10.02 TENANT'S OBLIGATION FOR MAINTENANCE.

(a) Tenant shall provide its own janitorial service and keep and maintain the Premises including the interior wall surfaces and windows, floors, floor coverings and ceilings in a clean, sanitary and safe condition in accordance with the laws of the State and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector, or other proper officials of the governmental agencies having jurisdiction, at the sole cost and expense of Tenant, and Tenant shall comply with all requirements of law, ordinance and otherwise, affecting said Premises.

(b) Tenant shall pay, when due, all claims for labor or material furnished, for work under Sections 9.01, 9.02 and 10.02 hereof, to or for Tenant at or for use in the Premises, and shall bond such work if reasonably required by Landlord to prevent assertion of claims against Landlord.

(c) Tenant agrees to be responsible for all furnishings, fixtures and equipment located upon the Premises from time to time and shall replace carpeting within the Premises if same shall be damaged by tearing, burning, or stains resulting from spilling anything on said carpet, reasonable wear and tear accepted. Tenant further agrees to use chairmats or floor protectors wherever it uses chairs with wheels or casters on carpeted areas.

SECTION 10.03 SURRENDER AND RIGHTS UPON TERMINATION.

(a) This Lease and the tenancy hereby created shall cease and terminate at the end of the Rental Term hereof, or any extension or renewal thereof, without the necessity of any notice from either Landlord or Tenant to terminate the same, and Tenant hereby waives notice to vacate the Premises and agrees that Landlord shall be entitled to the benefit of all provisions of law respecting summary recovery of possession of Premises from a Tenant holding over to the same extent as if statutory notice has been given.

(b) Upon termination of this Lease at any time and for any reason whatsoever, Tenant shall surrender and deliver up the Premises to Landlord in the same condition as when the Premises were delivered to Tenant or as altered as provided in Section 9.01, ordinary wear and tear excepted. Upon request of Landlord, Tenant shall promptly remove all personal property from the Premises and repair any damage caused by such removal. Obligations under this Lease relating to events occurring or circumstances existing prior to the date of termination shall survive the expiration or other termination of the Rental Term of this Lease. Liabilities accruing after date of termination are defined in Sections 13.05, 19.01 and 19.02.

ARTICLE XI. INSURANCE AND INDEMNITY

SECTION 11.01 LIABILITY INSURANCE AND INDEMNITY. Tenant shall, during all terms hereof, keep in full force and effect a policy of public bodily injury and property damage liability insurance with respect to the Premises, with a combined single limit of not less than Two Million Dollars (\$2,000,000.00) per occurrence. The policy shall name Landlord, Property Manager (i.e., Woodbury Corporation) and any other persons, firms or corporations designated by Landlord and Tenant as additional insureds, and shall contain a clause that the insurer will not cancel or change the insurance without first giving the Landlord ten (10) days prior written notice. Such insurance shall include an endorsement permitting Landlord and Property Manager to recover damage suffered due to act or omission of Tenant, notwithstanding being named as an additional "Insured party" in such policies. Such insurance may be furnished by Tenant under any blanket policy carried by it or under a separate policy therefor. The insurance shall be with an insurance company approved by Landlord and a copy of the paid-up policy evidencing such insurance or a certificate of insurer certifying to the issuance of such policy shall be delivered to Landlord. If Tenant fails to provide such insurance, Landlord may do so and charge same to Tenant.

Tenant will indemnify, defend and hold Landlord harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Premises or from the occupancy or use by Tenant of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants, sublessees, concessionaires or business invitees unless caused by the negligence of Landlord and to the extent not covered by its casualty or liability insurance. In case Landlord shall, without fault of its part, be made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorney fees incurred or paid by either in defending itself or enforcing the covenants and agreements of this Lease.

Landlord will indemnify, defend and hold Tenant harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the common area or from the occupancy or use by Landlord of the common area or any part thereof, or occasioned wholly or in part by any act or omission of Landlord, its agents, contractors, employees, servants, sublessees, concessionaires or business invitees unless caused by the negligence of Tenant and to the extent not covered by its casualty or liability insurance. In case Tenant shall, without fault of its part, be made a party to any litigation commenced by or against Landlord, then Landlord shall protect and hold Tenant harmless and shall pay all costs, expenses and reasonable attorney fees incurred or paid by either in defending itself or enforcing the covenants and agreements of this Lease.

SECTION 11.02 FIRE AND CASUALTY INSURANCE.

(a) Subject to the provisions of this Section 11.02, Landlord shall secure, pay for, and at all times during the terms hereof maintain "All Risk" casualty, insurance providing coverage upon the building improvements in an amount equal to the full insurable replacement value thereof (as determined by Landlord). Said insurance shall include twelve (12) months rental income coverage as well as such additional endorsements as may be required by Landlord's Lender or Landlord. All insurance required hereunder shall be written by reputable, responsible companies licensed in the State of Utah. Tenant shall have the right, at its request at any reasonable time, to be furnished with copies of the insurance policies then in force pursuant to this Section, together with evidence that the premiums therefor have been paid.

(b) Tenant agrees to maintain at its own expense such fire and casualty insurance coverage as Tenant may desire or require in respect to Tenant's personal property, equipment, furniture, fixtures or inventory and Landlord shall have no obligation in respect to such insurance or losses. All property kept or stored on the Premises by Tenant or with Tenant's permission shall be so done at Tenant's sole risk and Tenant shall indemnify Landlord against and hold it harmless from any claims arising out of loss or damage to same.

(c) Tenant will not permit said Premises to be used for any purpose which would render the insurance thereon void or cause cancellation thereof or increase the insurance risk or increase the insurance premiums in effect just prior to the commencement of this Lease. Tenant agrees to pay as additional rent the total amount of any increase in the insurance premium of Landlord over that in effect prior to the commencement of this lease resulting from Tenant use of the Premises. If Tenant installs any electrical or other equipment which overloads the lines in the Premises, Tenant shall at its own expense make whatever changes are necessary to comply with the requirements of Landlord's insurance.

(d) Tenant shall be responsible for all glass breakage from any cause whatsoever and agrees to immediately replace all glass broken or damaged during the terms hereof with glass of the same quality as that broken or damaged. Landlord may replace, at Tenant's expense, any broken or damaged glass if not replaced by Tenant within five (5) days after such damage.

SECTION 11.03 WAIVER OF SUBROGATION. Each party hereto does hereby release and discharge the other party hereto and any officer, agent, employee or representative of such party, of and from any liability whatsoever hereafter arising from loss, damage or injury caused by fire or other casualty for which insurance (permitting waiver of liability and containing a waiver of subrogation) is carried by the injured party at the time of such loss, damage or injury to the extent of any recovery by the injured party under such insurance.

ARTICLE XII UTILITY CHARGES

SECTION 12.01 OBLIGATION OF LANDLORD. Unless otherwise agreed in writing by the parties, during the term of this Lease the Landlord shall cause to be furnished to the Premises during "standard operating hours" which shall be 7:00 a.m. to 6:30 p.m. Monday through Friday and 8:00 a.m. to 12:00 Noon on Saturday, excluding holidays, the following utilities and services, the cost and expense of which shall be included in Operating Expenses:

- (a) Electricity, water, gas and sewer service.

(b) Telephone connection, but not including telephone stations and equipment (it being expressly understood and agreed that Tenant shall be responsible for the ordering and installation of telephone lines and equipment which pertain to the Premises).

(c) Heat and air-conditioning to such extent and to such levels as, in Landlord's judgment, is reasonably required for the comfortable use and occupancy of the Premises subject however to any limitations imposed by any government agency.

(d) Snow removal and parking lot sweeping services.

(e) Elevator service.

(f) Building systems maintenance services.

SECTION 12.02 OBLIGATIONS OF TENANT. Tenant shall arrange for and shall pay the entire cost and expense of all telephone stations, equipment and use charges, electric light bulbs (but not fluorescent bulbs used in fixtures originally installed in the Premises) and all other materials and services not expressly required to be provided and paid for pursuant to the provisions of Section 12.01 above. Tenant covenants to use good faith efforts to reasonably conserve utilities by turning off lights and equipment when not in use and taking such other reasonable actions in accordance with sound standards for energy conservation. Landlord reserves the right to separately meter or otherwise monitor any utility usage and to separately charge Tenants for its own utilities, in which case an equitable adjustment shall be made to Base Rental and Tenant's share of Operating Expenses as set forth in this Lease. Additional limitations of Tenant are as follows:

(a) Tenant will not, without the written consent of Landlord, which consent shall not be unreasonably withheld, use any apparatus or device on the Premises using current in excess of 208 volts which will in any way or to any extent increase the amount of electricity or water usually furnished or supplied for use on the Premises for the use designated in Section 7.01 above, nor connect with electrical current, except through existing electrical outlets in the Premises, or water pipes, any apparatus or device, for the purposes of using electric current or water.

(b) If Tenant shall require water or electric current in excess of that usually furnished or supplied for use of the Premises, or for purposes other than those designated in Section 7.01 above, Tenant shall first procure the written consent of Landlord for the use thereof, which consent Landlord may refuse and/or Landlord may cause a water meter or electric current meter to be installed in the Leased Premises, so as to measure the amount of water and/or electric current consumed for any such use. The cost of such meters and of installation maintenance, and repair thereof shall be paid for by Tenant and Tenant agrees to pay Landlord promptly upon demand by Landlord for all such water and electric current consumed as shown by said meters, at the rates charged for such service by the City in which the Building is located or the local public utility, as the case may be, furnishing the same, plus any additional expense incurred in keeping account of the water and electric current so consumed.

(c) If and where heat generating machines devices are used in the Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right to install additional or supplementary air conditioning units for the Premises, and the entire cost of installing, operating, maintaining and repairing the same shall be paid by Tenant to Landlord promptly after demand by Landlord.

To the extent that Tenant operates hours in excess of the stated standard business hours, Tenant may cause Landlord to provide services set forth in Section 12.01 (a), (b), (c) and (e) above; however, Tenant shall pay extra hourly utility charges as set forth in Section 1.01(S) and Section 12.03 herein.

SECTION 12.03. EXTRA HOURS CHARGES. To the extent Tenant operates hours other than "normal operating hours" as set forth in Section 12.01, Tenant shall pay an extra hourly utility charge of

\$0.25 per hour per 1,000 square feet for lighting and electricity and \$5.00 per hour per 1,000 square feet for mechanical/HVAC system for each full or partial hour during which Tenant operates. Tenant shall pay such charges within ten (10) days after invoice therefor. Costs incurred by Landlord for operating "extra-hours" shall not be included in Operating Expenses pursuant to Section 3.03.

SECTION 12.04. LIMITATIONS ON LANDLORDS LIABILITY. Landlord shall not be liable for and Tenant shall not be entitled to terminate this Lease or to effectuate any abatement or reduction of rent by reason of Landlord's failure to provide or furnish any of the foregoing utilities or services if such failure was reasonably beyond the control of Landlord. In no event shall Landlord be liable for loss or injury to persons or property, however, arising or occurring in connection with or attributable to any failure to furnish such utilities or services even if within the control of Landlord.

ARTICLE XIII. OFF-SET STATEMENT, ATTORNMENT AND SUBORDINATION

SECTION 13.01 OFF-SET STATEMENT. Tenant agrees within ten (10) days after request therefor by Landlord to execute in recordable form and deliver to Landlord a statement in writing, certifying

- (a) that this Lease is in full force and effect,
- (b) the date of commencement of the Rental Term of this Lease,
- (c) that rent is paid currently without any off-set or defense thereto,
- (d) the amount of rent, if any paid in advance, and
- (e) that there are no uncured defaults by Landlord or stating those claimed by Tenant.

SECTION 13.02 ATTORNMENT. Tenant shall, in the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

SECTION 13.03 SUBORDINATION. Tenant agrees that this Lease shall, at the request of Landlord, be subordinate to any first mortgages or deeds of trust that may hereafter be placed upon said Premises and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacements and extensions thereof, provided the mortgagees or trustees named in said mortgages or deeds of trust shall agree to recognize the Lease of Tenant in the event of foreclosure, if Tenant is not in default.

SECTION 13.04 MORTGAGEE SUBORDINATION. Tenant hereby agrees that this Lease shall, if at any time requested by Landlord or any lender in respect to Landlord's financing of the building or project in which the Premises are located or any portion hereof, be made superior to any mortgage or deed of trust that may have preceded such Lease.

SECTION 13.05 REMEDIES. Tenant hereby irrevocably appoints Landlord as attorney-in-fact for the Tenant with full power and authority to execute and deliver in the name of the Tenant any such instruments described in this Article XIII upon failure of the Tenant to execute and deliver any of the above instruments within fifteen (15) days after written request so to do by Landlord; and such failure shall constitute a breach of this Lease entitling the Landlord, at its option, to cancel this Lease and terminate the Tenant's interest therein.

ARTICLE XIV. ASSIGNMENT

SECTION 14.01 ASSIGNMENT. Tenant shall not assign this Lease or sublet the Premises, or any part thereof, without first obtaining the written consent of the Landlord, which consent shall not be unreasonably withheld. The consent of Landlord shall not relieve Tenant or Guarantors of this Lease from continuing liability for all obligations under this Lease. Any Assignment by operation of law or if the Tenant be a corporation, unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership in the aggregate in excess of 50% shall be deemed an "Assignment" within the meaning of this Section.

ARTICLE XV. WASTE OR NUISANCE

SECTION 15.01 WASTE OR NUISANCE. Tenant shall not commit or suffer to be committed any waste upon the Premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of any other tenant in the building in which the Premises may be located, or elsewhere within the Building.

ARTICLE XVI. NOTICES

SECTION 16.01 NOTICES. Except as provided in Section 19.01, any notice required or permitted hereunder to be given or transmitted between the parties shall be either 1) personally delivered, or 2) mailed postage prepaid by registered mail, return receipt requested, or mailed by express carrier addressed if to Tenant at the address set forth in Section 1.01(E), and if to Landlord at the address set forth in Section 1.01(C). Either party may, by notice to the other given as prescribed in this Section 16.01, change its above address for any future notices which are mailed under this Lease.

ARTICLE XVII. DESTRUCTION OF THE PREMISES

SECTION 17.01 DESTRUCTION.

(a) If the Premises are partially or totally destroyed by fire or other casualty insurable under standard fire insurance policies with extended coverage endorsement so as to become partially or totally untenable, the same shall be repaired or rebuilt as speedily as practical under the circumstances at the expense of the Landlord, unless Landlord elects not to repair or rebuild as provided in Subsection (b) of this Section 17.01. During the period required for restoration, a just and proportionate part of Base Rent, additional rent and other charges payable by Tenant hereunder shall be abated until the Premises are repaired or rebuilt.

(b) If the Premises are (I) rendered totally untenable by reason of an occurrence described in Subsection (a), or (II) damaged or destroyed as a result of a risk which is not insured under Landlord's fire insurance policies, or (III) at least twenty percent (20%) damaged or destroyed during the last year of the Rental Term, or (IV) if the Building is damaged in whole or in part (whether or not the Premises are damaged), to such an extent that Tenant cannot practically use the Premises for its intended purpose, then and in any such events Landlord may at its option terminate this Lease Agreement by notice in writing to the Tenant within sixty (60) days after the date of such occurrence. Unless Landlord gives such notice, this Lease Agreement will remain in full force and effect and Landlord shall repair such damage at its expense as expeditiously as possible under the circumstances.

(c) If Landlord should elect or be obligated pursuant to Subsection (a) above to repair or rebuild because of any damage or destruction, Landlord's obligation shall be limited to the original Building any other work or improvements which may have been originally performed or installed at Landlord's expense. If the cost of performing Landlord's obligation exceeds the actual proceeds of insurance paid or payable to Landlord on account of such casualty, Landlord may terminate this Lease Agreement unless Tenant, within fifteen (15) days after demand therefor, deposits with Landlord a sum of money sufficient to pay the difference between the cost of repair and the proceeds of the insurance available for such purpose. Tenant shall replace all work and improvements not originally installed or performed by Landlord at its expense.

(d) Except as stated in this Article XVII, and for acts of gross negligence or wilfull misconduct, Landlord shall not be liable for any loss or damage sustained by Tenant by reason of casualties mentioned hereinabove or any other accidental casualty

ARTICLE XVIII. CONDEMNATION

SECTION 18.01 CONDEMNATION. As used in this Section the term "Condemnation Proceeding" means any action or proceeding in which any interest in the Premises or Building is taken for

any public or quasi-public purpose by any lawful authority through exercise of the power of eminent domain or right of condemnation or by purchase or otherwise in lieu thereof. If the whole of the Premises is taken through Condemnation Proceedings, this Lease shall automatically terminate as of the date possession is taken by the condemning authority. If in excess of twenty-five (25%) percent of the Premises is taken, either party hereto shall have the option to terminate this Lease by giving the other written notice of such election at any time within thirty (30) days after the date of taking. If less than twenty-five (25%) percent of the space is taken and Landlord determines, in Landlord's sole discretion, that a reasonable amount of reconstruction thereof will not result in the Premises or the Building becoming a practical improvement reasonably suitable for use for the purpose for which it is designed, then Landlord may elect to terminate this Lease Agreement by giving thirty (30) days written notice as provided hereinabove. In all other cases, or if neither party exercises its option to terminate, this Lease shall remain in effect and the rent payable hereunder from and after the date of taking shall be proportionately reduced in proportion to the ratio of: (1) the area contained in the Premises which is capable of occupancy after the taking; to (II) the total area contained in the Premises which was capable of occupancy prior to the taking. In the event of any termination or rental reduction provided for in this Section, there shall be a proration of the rent payable under this Lease and Landlord shall refund any excess theretofore paid by Tenant. Whether or not this Lease is terminated as a consequence of Condemnation Proceedings, all damages or compensation awarded for a partial or total taking, including any sums compensating Tenant for diminution in the value of or deprivation of its leasehold estate, shall be the sole and exclusive property of Landlord, except that Tenant will be entitled to any awards intended to compensate Tenant for expenses of locating and moving Tenant's operations to a new space including personal and business equipment.

ARTICLE XIX. DEFAULT OF TENANT

SECTION 19.01 DEFAULT - RIGHT TO RE-ENTER. In the event of any failure of Tenant to pay any rental due hereunder within ten (10) days after written notice that the same is past due shall have been mailed to Tenant, or any failure by Tenant to perform any other of the terms, conditions or covenants required of Tenant by this Lease within thirty (30) days after written notice of such default shall have been mailed to Tenant, or if Tenant shall abandon said Premises, or permit this Lease to be taken under any writ of execution, Tenant shall have a thirty (30) day right to cure. At the end of the thirty (30) day period then Landlord, besides other rights or remedies it may have, shall have the right to declare this Lease terminated and shall have the immediate right of re-entry and may remove all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, without evidence of notice or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby. Tenant hereby waives all compensation for the forfeiture of the term or its loss of possession of the Premises in the event of the forfeiture of this Lease as provided for above. Any notice that Landlord may desire or is required to give Tenant with reference to the foregoing provision may, in lieu of mailing, at the option of Landlord, be conspicuously posted for ten (10) consecutive days at the main entrance to or in front of the Premises, and such notice shall constitute a good, sufficient, and lawful notice for the purpose of declaring a forfeiture of this Lease and for terminating all of the rights of the Tenant hereunder.

SECTION 19.02 DEFAULT - RIGHT TO RE-LET. Should Landlord elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time, without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Premises, and may relet said Premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable. Upon each such reletting, all rentals received by Landlord from such reletting shall be applied first to the payment of any costs and expenses of such reletting, including brokerage fees and attorney's fees and costs of such alterations and repairs; second, to the payment of rent or other unpaid obligations due hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. If such rental received from such reletting during any month be less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of said Premises by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Tenant

or unless the termination thereof be decreed by a court or competent jurisdiction. Notwithstanding any such reletting without termination, Landlord may at any time elect to terminate this Lease for such previous default. Should Landlord at any time terminate this Lease for any default, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur by reason of such default, including the cost of recovering the Premises, reasonable attorney's fees, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the remainder of the stated term over the then reasonable rental value of the Premises for the remainder of the stated term, all of which amounts shall be immediately due and payable.

SECTION 19.03 LEGAL EXPENSES. In case of default by either party in the performance and obligations under this Lease, the defaulting party shall pay all costs incurred in enforcing this Lease, or any right arising out of such default, whether by suit or otherwise, including a reasonable attorney's fee.

ARTICLE XX. BANKRUPTCY, INSOLVENCY OR RECEIVERSHIP

SECTION 20.01 ACT OF INSOLVENCY, GUARDIANSHIP, ETC. The following shall constitute a default of this Lease by the Tenant for which Landlord, at Landlord's option, may immediately terminate this Lease.

- (a) The appointment of a receiver to take possession of all or substantially all of the assets of the Tenant.
- (b) A general assignment by the Tenant of his assets for the benefit of creditors.
- (c) Any action taken or suffered by or against the Tenant under any federal or state insolvency or bankruptcy act.
- (d) The appointment of a guardian, conservator, trustee, or other similar officer to take charge of all or any substantial part of the Tenant's property.

Neither this Lease, nor any interest therein nor any estate thereby created shall pass to any trustee, guardian, receiver or assignee for the benefit of creditors or otherwise by operation of law.

ARTICLE XXI. LANDLORD ACCESS

SECTION 21.01 LANDLORD ACCESS. Landlord or Landlord's agent shall have the right to enter the Premises at all reasonable times to examine the same, or to show them to prospective purchasers or lessees of the Building, or to make all repairs, alterations, improvements or additions as Landlord may deem necessary or desirable, and Landlord shall be allowed to take all material into and upon said Premises that may be required therefor without the same constituting an eviction of Tenant in whole or in part, and rent shall not abate while said repairs, alterations, improvements, or additions are being made, by reason of loss or interruption of business of Tenant, or otherwise upon a mutual reasonably agreed upon time by both Landlord and Tenant. During the ninety days prior to the expiration of the Rental Term of this Lease or any renewal term, Landlord may exhibit the Premises to prospective tenants and place upon the Premises the usual notices "To Let" or "For Rent" which notices Tenant shall permit to remain thereon with molestation.

ARTICLE XXII. Intentionally Omitted

SECTION 22.01 Intentionally Omitted.

ARTICLE XXIII. HOLDING OVER

SECTION 23.01 HOLDING OVER. Any holding over after the expiration of the Rental Term hereof shall be construed to be a tenancy at sufferance and all provisions of this Lease Agreement shall be

and remain in effect except that the monthly rental shall be one hundred twenty-five percent (125%) the amount of rent (including any adjustments as provided herein) payable for the last full calendar month of the Rental Term including renewals or extensions.

SECTION 23.02 SUCCESSORS. All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors and assigns of the said parties; and if there shall be more than one tenant, they shall all be bound jointly and severally by the terms, covenants and agreements herein. No rights, however, shall inure to the benefit of any assignee of Tenant unless the assignment to such assignee has been approved by Landlord in writing.

ARTICLE XXIV. RULES AND REGULATIONS

SECTION 24.01 RULES AND REGULATIONS. Tenant shall comply with all reasonable rules and regulations which are now or which may be hereafter prescribed by the Landlord and posted in or about said Premises or otherwise brought to the notice of the Tenant, both with regard to the project as a whole and to the Premises including common facilities.

ARTICLE XXV. QUIET ENJOYMENT

SECTION 25.01 QUIET ENJOYMENT. Upon payment by the Tenant of the rents herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Premises for the term hereby demised without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject, nevertheless, to the terms and conditions of this Lease and actions resulting from future eminent domain proceedings and casualty losses.

ARTICLE XXVI. SECURITY DEPOSIT

SECTION 26.01 SECURITY DEPOSIT. The Landlord herewith acknowledges receipt of the amount set forth in Section 1.01 (U) which it is to retain as security for the faithful performance of all the covenants, conditions and agreements of this Lease, but in no event shall the Landlord be obliged to apply the same upon rents or other charges in arrears or upon damages for the Tenant's failure to perform the said covenants, conditions and agreements; the Landlord may so apply the Security Deposit, at its option; and the Landlord's right to the possession of the Leased Premises for non-payment of rents or for other reasons shall not in any event be affected by reason of the fact that the Landlord holds this Security Deposit. The said sum, if not applied toward the payment of rents in arrears or toward the payment of damages suffered by the Landlord by reason of the Tenant's breach of the covenants, conditions and agreements of this Lease, is to be returned to Tenant without interest when this Lease is terminated, according to these terms, and in no event is the said Security Deposit to be returned until Tenant has vacated the Leased Premises and delivered possession to the Landlord.

In the event that the Landlord repossesses Leased Premises because of the Tenant's default or because of the Tenant's failure to carry out the covenants, conditions and agreements of this Lease, Landlord may apply the said Security Deposit toward damages as may be suffered or shall accrue thereafter by reason of the Tenant's default or breach. In the event of bankruptcy or other debtor-creditor proceedings against Tenant as specified in Article XX, the Security Deposit shall be deemed to be applied first to the payment of Rents and other charges due Landlord for the earliest possible periods prior to the filing of such proceedings. The Landlord shall not be obliged to keep the said Security Deposit as a separate fund, but may mix the same with its own funds.

ARTICLE XXVII. MISCELLANEOUS PROVISIONS

SECTION 27.01 WAIVER. No failure on the part of Landlord to enforce any covenant or provision of this Lease shall discharge or invalidate such covenant or provision or affect the right of

Landlord to enforce the same in the event of any subsequent breach. One or more waivers of any covenant or condition by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant or condition and the consent to or approval of any subsequent similar act by Tenant. No breach of a covenant or condition of this Lease shall be deemed to have been waived by Landlord, unless such waiver be in writing signed by Landlord.

SECTION 27.02 ENTIRE AGREEMENT. This Lease constitutes the entire Agreement and understanding between the parties hereto and supersedes all prior discussions, understandings and agreements. This Lease may not be altered or amended except by a subsequent written agreement executed by all parties.

SECTION 27.03 FORCE MAJEURE. Any failure to perform or delay in performance by either party of any obligation under this Lease, other than Tenant's obligation to pay rent, shall be excused if such failure or delay is caused by any strike, lockout, governmental restriction or any similar cause beyond the control of the party so failing to perform, to the extent and for the period that such continues.

SECTION 27.04 LOSS AND DAMAGE. Except for acts of gross negligence, willful misconduct, or by such persons in violations of current contract with The Landlord, The Landlord shall not be responsible or liable to the Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying all or any part of the premises adjacent to or connected with the Premises or any part of the building of which the Premises are a part, or for any loss or damage resulting to the Tenant or his property from bursting, stoppage or leaking of water, gas sewer or steam pipes or for any damage or loss of property within the Premises from any cause whatsoever.

SECTION 27.05 ACCORD AND SATISFACTION. No payment by Tenant or receipt by Landlord of a lesser amount than the amount owing hereunder shall be deemed to be other than on account of the earliest stipulated amount receivable from Tenant, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or receivable or pursue any other remedy available under this Lease or the law of the state where the Premises are located.

SECTION 27.06 NO OPTION. The submission of this Lease for examination does not constitute a reservation of or option for the Premises and this Lease becomes effective as a lease only upon full execution and delivery thereof by Landlord and Tenant.

SECTION 27.07 ANTI-DISCRIMINATION. Tenant herein covenants by and for itself, its heirs, executors, administrators and assigns and all persons claiming under or through it, and this Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons on account of race, sex, marital status, color, creed, national origin or ancestry, in the leasing, subleasing, assigning, use, occupancy, tenure or enjoyment of the Premises, nor shall the Tenant itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, or subtenants in the Premises.

SECTION 27.08 SEVERABILITY. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

SECTION 27.09 OTHER MISCELLANEOUS PROVISIONS. This instrument shall not be recorded without the prior written consent of Landlord; however, upon the request of either party hereto, the other party shall join in the execution of a memorandum or "short form" lease for recording purposes which memorandum shall describe the parties, the Premises, the Rental Term and shall incorporate this Lease by reference, and may include other special provisions. The captions which precede the Sections of this Lease are for convenience only and shall in no way affect the manner in which any provisions hereof is construed. In the event there is more than one Tenant hereunder, the liability of each shall be joint and several. This instrument shall be governed by and construed in accordance with the laws of the

State wherein the Premises are located. Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural when the sense requires. Time is of the essence of this Lease and every term, covenant and condition herein contained.

SECTION 27.10 REPRESENTATION REGARDING AUTHORITY. The persons who have executed this Agreement represent and warrant that they are duly authorized to execute this Agreement in their individual or representative capacity as indicated.

SECTION 27.11 DISCLOSURE OF PARTIES. Landlord is a partnership, one or more partners of which is a licensed real estate broker or agent.

SECTION 27.12 TENANT CERTIFICATION. For purposes of compliance with Executive Order 13224 and related regulations, Landlord and Tenant hereby states, represents and warrants to each other that:

(a) **Certification.** Landlord and Tenant certify that:

(i) They are not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and

(ii) They have not executed this Lease, directly or indirectly on behalf of, or instigating or facilitating this Lease, directly or indirectly on behalf of, any such person, group, entity, or nation.

(b) **Indemnification.** Tenant and Landlord hereby agrees to defend, indemnify, and hold harmless the other party from and against any and all claims, damages, losses, risks, liabilities, and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing certification.

ARTICLE XXVIII. ADDITIONAL PROVISIONS

SECTION 28.01 OPTION TO RENEW. Provided Tenant is not, and has not been in default under 1 any of the terms and conditions contained herein, Tenant shall have one (1) additional consecutive five (5) year option to renew and extend the Rental Term as provided herein. The Option shall only be exercised by the Tenant delivering written notice thereof to the Landlord not less than six (6) months prior to the expiration of the original term. Fixed Minimum Rent for the Option period shall be at the then fair market rate.

IN WITNESS WHEREOF, Landlord and Tenant have executed and delivered this Lease as of the day and year first above written.

SIGNATURES:

LANDLORD

SANDY PARK I L.L.C., a Utah limited liability company

By: WOODBURY CORPORATION, a Utah corporation, Its Manager

By: /s/ O. Randall Woodbury
O. Randall Woodbury, President

By: /s/ Jeffrey K. Woodbury
Jeffrey K. Woodbury, Vice-President

TENANT

LIFE VANTAGE, INC., a Colorado corporation d/b/a LIFE VANTAGE

By: /s/ Douglas C. Robinson
Name

Douglas C. Robinson
Name President

LANDLORD ACKNOWLEDGMENT

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 22nd day of September, 2011, before me personally appeared O. RANDALL WOODBURY and JEFFREY K. WOODBURY, to me personally known, who being by me duly sworn did say that they are the President and Vice-President of WOODBURY CORPORATION, known to be the Manager of SANDY PARK I L.L.C., a Utah limited liability company, the company that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of said company therein named, and acknowledged to me that such company executed the within instrument pursuant to its Operating Agreement.

/s/ Jessica L. Groen
Notary Public

TENANT ACKNOWLEDGMENT

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this 15th day of September, 2011, before me personally appeared Douglas C. Robinson, known to me to be the President of LIFE VANTAGE, INC., a Colorado

Corporation, d/b/a LIFE VANTAGE, the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the corporate therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

/s/ Michelle Oborn

Notary Public

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas C. Robinson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lifevantage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

/s/ Douglas C. Robinson

Douglas C. Robinson
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carrie E. McQueen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lifevantage Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 14, 2011

/s/ Carrie E. McQueen

Carrie E. McQueen
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of this quarterly report on Form 10-Q of Lifevantage Corporation (the "Company") for the period ended September 30, 2011, with the Securities and Exchange Commission on the date hereof (the "report"), I, Douglas C. Robinson, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the report or as a separate disclosure document.

Date: November 14, 2011

/s/ Douglas C. Robinson

Douglas C. Robinson
President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of this quarterly report on Form 10-Q of Lifevantage Corporation (the "Company") for the period ended September 30, 2011, with the Securities and Exchange Commission on the date hereof (the "report"), I, Carrie E. McQueen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the report or as a separate disclosure document.

Date: November 14, 2011

/s/ Carrie E. McQueen

Carrie E. McQueen
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.