

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

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**Form 10-Q**

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**QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2013**

**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 001-35647

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**LIFEVANTAGE CORPORATION**

(Exact name of Registrant as specified in its charter)

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**COLORADO**  
(State or other jurisdiction of  
incorporation or organization)

**90-0224471**  
(IRS Employer  
Identification No.)

**9815 S. Monroe Street, Ste 100, Sandy, UT 84070**  
(Address of principal executive offices)

**(801) 432-9000**  
(Registrant's telephone number)

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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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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 May 1, 2013 was 113,524,045.

## 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 efforts; statements regarding our expectations regarding ongoing litigation; 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:

- Inability to successfully expand our operations in both existing and new markets;
- Difficulty in managing our growth and expansion;
- Challenges relating to transitioning our business in Japan from a “not-for-resale” model to a direct selling model;
- Inability to conform our business operations in Japan to applicable government regulations;
- Disruptions in our information technology systems;
- Inability of new products to gain distributor and market acceptance;
- Costs of our voluntary recall being significantly more than we estimated;
- Deterioration of global economic conditions and the decline of consumer confidence and spending;
- Inability to raise additional capital if and when needed;
- Environmental liabilities stemming from past operations and property ownership;
- Inability to maintain appropriate level of internal control over financial reporting;
- Significant dependence upon a single product;
- Adverse effects, including adverse publicity, surrounding and related to product recalls, such as the voluntary product recall we initiated during the quarter ended December 31, 2012;
- Improper actions by our independent distributors that violate laws or regulations;
- Inability to retain independent distributors or to attract new independent distributors on an ongoing basis;
- Competition in the dietary supplement market;
- Regulations governing the production or marketing of our personal care product;
- Significant government regulations on network marketing activities;
- Unfavorable publicity on our business, products, business model or industry;
- Inability to protect our intellectual property rights;
- Third party claims that we infringe on their intellectual property rights;

- Investigatory and enforcement action by the federal trade commission, the food and drug administration or other governmental agency;
- Third party and governmental actions involving our network marketing sales activities;
- Strengthening of the United States dollar against foreign currencies, specifically the Japanese yen;
- Dependence on third party manufacturers to manufacture our product;
- Inability to obtain raw material for our product;
- Product liability claims against us;
- Loss of key personnel;
- Economic, political and other risks associated with international operations;
- The market price of our securities could be adversely affected by the sales of restricted securities;
- Volatility of the market price of our common stock;
- The illiquidity of our common stock; and
- Other factors not specifically described above, including the other risks, uncertainties, and contingencies described under “Part I. Item 1A — Risk Factors” of this Quarterly Report on Form 10-Q or under “Description of Business”, “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Items 1, 1A and 7 of our Annual Report on Form 10-K for the year ended June 30, 2012.

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, except as required by law, do not undertake to update or revise any such forward-looking statements to reflect events or circumstances after the date of this report.

LIFEVANTAGE CORPORATION

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**PART I Financial Information**

**Item 1. Financial Statements**

LIFEVANTAGE CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	As of,	
	March 31, 2013	June 30, 2012
<i>(In thousands, except per share data)</i>		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 27,239	\$ 24,648
Accounts receivable	1,381	333
Inventory	8,025	11,353
Current deferred income tax asset	1,244	1,244
Prepaid expenses and deposits	5,985	1,250
Total current assets	43,874	38,828
<b>Long-term assets</b>		
Property and equipment, net	5,926	1,997
Intangible assets, net	1,781	1,882
Long-term deferred income tax asset	1,479	1,479
Deposits	1,419	342
<b>TOTAL ASSETS</b>	<b>\$ 54,479</b>	<b>\$ 44,528</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 4,608	\$ 3,615
Commissions payable	7,201	5,631
Reserve for sales returns	821	863
Accrued bonuses	100	2,287
Income tax payable	70	546
Other accrued expenses	5,552	2,932
Customer deposits	228	154
Total current liabilities	18,580	16,028
<b>Long-term liabilities</b>		
Other long-term liabilities	1,042	217
Total liabilities	19,622	16,245
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Preferred stock — par value \$0.001 per share, 50,000 shares authorized, no shares issued or outstanding	—	—
Common stock — par value \$0.001 per share, 250,000 shares authorized and 113,464 and 110,174 issued and outstanding as of March 31, 2013 and June 30, 2012, respectively	116	111
Additional paid-in capital	108,850	105,154
Accumulated deficit	(74,064)	(76,961)
Accumulated other comprehensive loss	(45)	(21)
Total stockholders' equity	34,857	28,283
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 54,479</b>	<b>\$ 44,528</b>

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

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2013	2012	2013	2012
<i>(In thousands, except per share data)</i>				
Sales, net	\$ 50,370	\$ 36,212	\$ 156,667	\$ 81,579
Cost of sales	7,330	4,989	23,936	11,625
Product recall costs	(461)	—	5,418	—
Gross profit	43,501	31,223	127,313	69,954
Operating expenses:				
Sales and marketing	29,844	19,676	88,976	44,097
General and administrative	8,370	4,616	23,227	10,492
Research and development	848	378	2,105	924
Depreciation and amortization	499	146	1,180	323
Total operating expenses	39,561	24,816	115,488	55,836
Operating income	3,940	6,407	11,825	14,118
Other income (expense):				
Other income (expense), net	122	21	(426)	9
Change in fair value of derivative liabilities	—	(10,687)	—	(6,741)
Total other income (expense)	122	(10,666)	(426)	(6,732)
Net income (loss) before income taxes	4,062	(4,259)	11,399	7,386
Income tax (expense) benefit	(646)	(587)	(3,609)	251
Net income (loss)	\$ 3,416	\$ (4,846)	\$ 7,790	\$ 7,637
Net income (loss) per share, basic	\$ 0.03	\$ (0.05)	\$ 0.07	\$ 0.08
Net income (loss) per share, diluted	\$ 0.03	\$ (0.05)	\$ 0.06	\$ 0.07
Weighted average shares, basic	112,806	103,016	112,203	100,451
Weighted average shares, diluted	124,985	103,016	125,371	115,232
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	(87)	(80)	(24)	12
Other comprehensive income (loss)	\$ (87)	\$ (80)	\$ (24)	\$ 12
Comprehensive income (loss)	\$ 3,329	\$ (4,926)	\$ 7,766	\$ 7,649

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

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

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total
	Shares	Amount				
<i>(In thousands)</i>						
<b>Balances, June 30, 2012</b>	<b>110,174</b>	<b>\$ 111</b>	<b>\$ 105,154</b>	<b>\$ (76,961)</b>	<b>\$ (21)</b>	<b>\$ 28,283</b>
Stock-based compensation	—	—	1,635	—	—	1,635
Exercise of options and warrants	3,777	3	2,063	—	—	2,066
Issuance of restricted stock	1,518	2	(2)	—	—	—
Repurchase of company stock	(2,005)	—	—	(4,893)	—	(4,893)
Currency translation adjustment	—	—	—	—	(24)	(24)
Net income	—	—	—	7,790	—	7,790
<b>Balances, March 31, 2013</b>	<b>113,464</b>	<b>\$ 116</b>	<b>\$ 108,850</b>	<b>\$ (74,064)</b>	<b>\$ (45)</b>	<b>\$ 34,857</b>

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

	For the nine months ended March 31,	
	2013	2012
<i>(In thousands)</i>		
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 7,790	\$ 7,637
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,180	323
Stock based compensation	1,635	881
Impairment of inventory	4,155	—
Deferred income tax benefit	—	(2,712)
Change in fair value of derivative liabilities	—	6,741
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,048)	125
Increase in inventory	(827)	(4,856)
Increase in prepaid expenses and deposits	(4,735)	(1,771)
Increase in long-term deposits	(1,077)	—
Increase (decrease) in accounts payable	993	(799)
Increase in accrued expenses	1,485	6,097
Increase in customer deposits	74	—
Increase in other long-term liabilities	442	—
<b>Net Cash Provided by Operating Activities</b>	<b>10,067</b>	<b>11,666</b>
<b>Cash Flows from Investing Activities:</b>		
Redemption of marketable securities	—	350
Purchase of intangible assets	—	(49)
Purchase of equipment	(4,625)	(1,744)
<b>Net Cash Used by Investing Activities</b>	<b>(4,625)</b>	<b>(1,443)</b>
<b>Cash Flows from Financing Activities:</b>		
Net payments proceeds from revolving line of credit and accrued interest	—	(434)
Principal payments under capital lease obligation	—	(3)
Repurchase of company stock	(4,893)	(976)
Issuance of company stock	2,066	1,703
<b>Net Cash (Used) Provided by Financing Activities</b>	<b>(2,827)</b>	<b>290</b>
<b>Foreign Currency Effect on Cash</b>	<b>(24)</b>	<b>12</b>
<b>Increase in Cash and Cash Equivalents:</b>	<b>2,591</b>	<b>10,525</b>
Cash and Cash Equivalents — beginning of period	24,648	6,371
<b>Cash and Cash Equivalents — end of period</b>	<b>\$ 27,239</b>	<b>\$ 16,896</b>
<b>Non Cash Investing and Financing Activities:</b>		
Non-cash increase in property and equipment\other long-term liabilities	\$ 376	\$ —
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for income taxes	\$ 6,370	\$ 2,280

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

LIFEVANTAGE CORPORATION AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THREE AND NINE MONTHS ENDED MARCH 31, 2013 AND 2012  
(UNAUDITED)

These unaudited Condensed Consolidated Financial Statements and Notes should be read in conjunction with the audited financial statements and notes of LifeVantage Corporation (the "Company") as of and for the year ended June 30, 2012 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on September 10, 2012.

**Note 1 — Organization and Basis of Presentation:**

The condensed consolidated financial statements included herein have been prepared by the Company's management, without audit, pursuant to the rules and regulations of the SEC. In the opinion of the Company's management, these interim Financial Statements include all adjustments, consisting of normal recurring adjustments, that are considered necessary for a fair presentation of its financial position as of March 31, 2013, and the results of operations for the three and nine month periods ended March 31, 2013 and 2012 and the cash flows for the nine month periods ended March 31, 2013 and 2012. 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 the Company's audited financial statements and notes for the fiscal year ended June 30, 2012 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, 2012, and included in the Annual Report on Form 10-K on file with the SEC.

**Note 2 — Summary of Significant Accounting Policies:**

**Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

**Translation of Foreign Currency Statements**

The Company translates the financial statements of its 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.

Currency translation gains and losses on intercompany balances denominated in a foreign currency are recorded as other income (expense), net. A net foreign currency loss of \$379,000 and \$926,000 is recorded in other income (expense), net for the three and nine months ended March 31, 2013, respectively. A net foreign currency gain of \$3,000 and loss of \$24,000 is recorded for the three and nine months ended March 31, 2012, respectively.

**Derivative Instruments and Hedging Activities**

The Company's subsidiaries enter into transactions with each other which may not be denominated in the respective subsidiaries' functional currencies. The Company seeks to reduce its exposure to fluctuations in foreign exchange rates through the use of derivatives. The Company does not use such derivative financial instruments for trading or speculative purposes.

To hedge risks associated with the foreign-currency-denominated intercompany transactions the Company entered into a forward foreign exchange contract which was settled in March 2013 and was not designated for hedge accounting. For the three and nine months ended March 31, 2013, a realized gain of \$112,000, related to the forward contract, is recorded in other income (expense), net. The Company did not hold any derivative instruments at March 31, 2013.

**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.

## Cash and Cash Equivalents

The Company considers only its monetary liquid assets with original maturities of three months or less as cash and cash equivalents.

## Accounts Receivable

The Company's accounts receivable for the periods ended March 31, 2013 and June 30, 2012 consist primarily of credit card receivables. 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 March 31, 2013 is not necessary. No bad debt expense has been recorded for the periods ended March 31, 2013 and June 30, 2012.

## Inventory

Inventory is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method. The Company has 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 March 31, 2013 and June 30, 2012, inventory consisted of (in thousands):

	March 31, 2013	June 30, 2012
Finished goods	\$ 3,093	\$ 5,964
Raw materials	4,932	5,389
Total inventory	<u>\$ 8,025</u>	<u>\$ 11,353</u>

We wrote down \$3.7 million of inventory in December 2012 related to our voluntary recall.

## Other Accrued Expenses

As of March 31, 2013 and June 30, 2012 other accrued expenses included accrued operating liabilities of \$2.3 million and \$939,000, respectively.

## Revenue Recognition

The Company ships the majority of its product directly to the consumer and receives substantially all payment for these sales in the form of credit card receipts. 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. Estimated returns are recorded when product is shipped. The Company's return policy is to provide a full refund for product returned within 30 days if the returned product is unopened or defective. After 30 days, the Company generally does not issue refunds to direct sales customers for returned product. The Company allows terminating distributors to return unopened, unexpired product that they have purchased within the prior twelve months, subject to certain consumption limitations, for a full refund, less a 10% restocking fee. The Company establishes the returns reserve based on historical experience. The returns reserve is evaluated on a quarterly basis. As of March 31, 2013 and June 30, 2012, the Company's reserve balance for returns and allowances was approximately \$821,000 and \$863,000, respectively.

## Income 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 income or loss per common share is computed by dividing net income by the weighted average common shares and potentially dilutive common share equivalents. For the three month period ended March 31, 2013 the effects of approximately 710,000 common shares issuable upon exercise of options granted pursuant to the Company's 2010 Long-Term Incentive Plan are not included in computations because their effect was anti-dilutive. For the three month period ended March 31, 2012 the effects of approximately 120,000 common shares issuable upon exercise of options granted pursuant to the Company's 2007 and 2010 Long-Term Incentive Plans are not included in computations because their effect was anti-dilutive.

The following is a reconciliation of earnings per share and the weighted-average common shares outstanding for purposes of computing basic and diluted net income per share (in thousands except per share amounts):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
<b>Numerator:</b>				
Net income (loss)	\$ 3,416	\$ (4,846)	\$ 7,790	\$ 7,637
<b>Denominator:</b>				
Basic weighted-average common shares outstanding	112,806	103,016	112,203	100,451
<b>Effect of dilutive securities:</b>				
Stock awards and options	3,802	—	4,586	4,772
Warrants	8,377	—	8,582	10,009
Diluted weighted-average common shares outstanding	124,985	103,016	125,371	115,232
Net income (loss) per share, basic	0.03	(0.05)	0.07	0.08
Net income (loss) per share, diluted	0.03	(0.05)	0.06	0.07

### Segment Information

The Company operates in a single operating segment by selling products to a global network of independent distributors that operates in an integrated manner from market to market. Selling expenses are the Company's largest expense comprised of the commissions paid to its worldwide independent distributors. The Company manages its business primarily by managing its global network of independent distributors. The Company reports revenue in two geographic regions: Americas and Asia/Pacific. As of March 31, 2013 long-lived assets were \$5.6 million in the U.S. and \$3.2 million in Japan. As of June 30, 2012 long-lived assets were 3.8 million in the U.S. and 0 in Japan. Revenues by geographic area are as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
Americas	\$ 33,098	\$ 25,746	\$ 97,720	\$ 59,612
Asia/Pacific	17,272	10,466	58,947	21,967
Total revenues	\$ 50,370	\$ 36,212	\$ 156,667	\$ 81,579

Additional information as to the Company's revenue from operations in the most significant geographical areas is set forth below (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
United States	\$ 32,721	\$ 25,478	\$ 96,779	\$ 58,952
Japan	15,284	10,466	55,080	21,968

### Research and Development Costs

We expense all costs related to research and development activities as incurred. Research and development expenses for the nine month periods ended March 31, 2013 and 2012 were approximately \$2.1 million and \$924,000, 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.

## Other Income (Expense), net

Other income (expense), net for the three and nine months ended March 31, 2013 and March 31, 2012 was as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
Business development incentive, net	\$ 363	\$ —	\$ 363	\$ —
Foreign currency gain (loss), net	(379)	3	(926)	(24)
Gain on settlement of forward contract	112	—	112	—
Change in fair value of derivative liabilities	—	(10,687)	—	(6,741)
Other income, net	26	18	25	33
Total other income (expense), net	\$ 122	\$ (10,666)	\$ (426)	\$ (6,732)

In January 2013, the Company began operations of a foreign subsidiary that qualifies for a government-sponsored business development incentive. Under the incentive program, the Company's foreign subsidiary is allowed to retain certain non-income based taxes during the twelve month period ending December 31, 2013, rather than remit such taxes to the government.

## 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.

For the nine months ended March 31, 2013 the Company has recognized income tax expense of \$3.6 million which is the Company's estimated federal and state income tax liability for the nine months ended March 31, 2013. Realization of deferred tax assets is dependent upon future earnings in specific tax jurisdictions, the timing and amount of which are uncertain. The Company continues to evaluate the realizability of the deferred tax asset based upon achieved and estimated future results. The difference between the effective rate of 35.36% and the Federal statutory rate of 34.38% is due to state income taxes (net of federal benefit), and certain permanent differences between taxable and book income.

## Concentration of Credit Risk

The Company discloses significant concentrations of credit risk regardless of the degree of such risk. Financial instruments with significant credit risk include cash and investments. At March 31, 2013, the Company had \$17.5 million in cash accounts that were held primarily at one financial institution and \$10.0 million in an account at another financial institution. As of March 31, 2013 and June 30, 2012 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 — Stockholders' Equity

During the three and nine months ended March 31, 2013 the Company issued 657,000 and 3.8 million shares of common stock, respectively, as a result of the exercise of warrants and options and 957,000 and 1.5 million shares of restricted stock, respectively.

On December 14, 2012 the Company announced a share repurchase program. As of March 31, 2013 the Company had repurchased 2.0 million shares under this program. These repurchases were made pursuant to a pre-arranged stock repurchase plan that operated in accordance with guidelines specified under Rules 10b5-1 and 10b-18 of the Securities Exchange. This prearranged stock repurchase plan, however, terminated in accordance with its terms on April 15, 2013. On March 22, 2013 the Company announced an additional repurchase program to purchase up to an additional \$5 million of shares of the Company's common stock.

The Company's Articles of Incorporation authorize the issuance of preferred shares. However, as of March 31, 2013, none have been issued nor have any rights or preferences been assigned to the preferred shares by the Company's Board of Directors.

#### **Note 4 — Stock-based Compensation**

The Company adopted and the shareholders approved the 2007 Long-Term Incentive Plan (the "2007 Plan"), effective November 21, 2006, to provide incentives to certain eligible employees, directors and consultants. A maximum of 10.0 million 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 members at prices between \$0.21 and \$1.50 per share, that had initial vesting periods of one- to three years. 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 March 31, 2013, awards for the purchase of an aggregate of 5.7 million shares of our common stock are outstanding under the 2007 Plan.

The Company adopted and the shareholders approved the 2010 Long-Term Incentive Plan (the "2010 Plan"), effective September 27, 2010, as amended on January 10, 2012, to provide incentives to eligible employees, directors and consultants. A maximum of 6.9 million shares of the Company's common stock can be issued under the 2010 Plan in connection with the grant of awards. Awards to purchase common stock have been granted pursuant to the 2010 Plan and are outstanding to various employees, officers and directors at prices between \$0.63 and \$3.53 per share, subject to various vesting periods. As of March 31, 2013, awards with respect to 4.8 million shares of the Company's common stock were 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. The Company has adjusted the expense for anticipated forfeitures. Compensation based options and restricted stock totaling 1.0 million and 1.7 million shares were granted for the three and nine month periods ended March 31, 2013, respectively. Compensation based options and restricted stock totaling 1.8 million and 1.9 million shares were granted for the three and nine month periods ended March 31, 2012, respectively.

For the three and nine months ended March 31, 2013, stock based compensation of \$585,000 and \$1.6 million, respectively, was reflected as an increase to additional paid in capital. Stock based compensation for the three and nine months ended March 31, 2013, was all employee related. For the three and nine months ended March 31, 2012, stock based compensation of \$308,000 and \$881,000, respectively, was reflected as an increase to additional paid in capital. Of the stock based compensation for the three and nine months ended March 31, 2012, \$308,000 and \$748,000, respectively, was employee related and none and \$133,000, respectively, was non-employee related.

Compensation expense was calculated using the fair value method during the three and nine month periods ended March 31, 2013 and 2012 using the Black-Scholes Merton option pricing model. The following assumptions were used for options and warrants granted during the nine month periods ended March 31, 2013 and 2012:

1. risk-free interest rates of between 0.46 and 1.19 percent for the nine months ended March 31, 2013 and between 0.93 and 0.97 percent for the nine months ended March 31, 2012;
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 between 113 and 127 percent for the nine months ended March 31, 2013 between 129 and 137 percent for the nine months ended March 31, 2012.

#### **Note 5 — Contingencies**

In December 2012 the Company initiated a voluntary recall of specific lots of Protandim<sup>®</sup>. On December 31, 2012, the Company recorded \$5.9 million in costs related to the recall. As of March 31, 2013 the Company has recorded a total net expense of \$5.6 million. The costs recorded for the recall include initial cost recoveries from insurance of approximately \$511,000.

#### **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, except as required by law, 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 risk factors identified in this report and in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012, including the matters set forth below in Part II, Item 1A of this report and Items 1 and 7 of our Annual Report on Form 10-K for the fiscal year ended June 30, 2012, 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, 2012.

## Overview

We are a company dedicated to helping people achieve their health, wellness and financial independence goals. We provide quality, scientifically validated products and a financially rewarding network marketing business opportunity to customers and independent distributors who seek a healthy lifestyle and financial freedom. We sell our products in the United States, Japan, Australia, Hong Kong and Mexico through a network of independent distributors, and to preferred and retail customers. We also sell our products directly to consumers located in Canada for personal consumption.

We engage in the identification, research, development, manufacture and distribution of advanced nutraceutical dietary supplements, including our flagship product, Protandim<sup>®</sup>, the Nrf2 Synergizer<sup>®</sup>, our anti-aging skin care product, LifeVantage TrueScience<sup>®</sup> and a supplement formulated to combat oxidative stress in dogs, Canine Health<sup>®</sup>. We currently focus our ongoing internal research efforts on oxidative stress solutions, particularly the activation of Nuclear factor (erythroid-derived 2)-like 2, also known as Nrf2, as it relates to health-related disorders.

## Recent Developments

We introduced Canine Health<sup>®</sup> in January 2013. Canine Health<sup>®</sup> is a supplement specially formulated to combat oxidative stress in dogs through Nrf2 activation. Canine Health<sup>®</sup> builds on the same active ingredients as Protandim<sup>®</sup> to reduce oxidative stress, and support joint function, mobility and flexibility in dogs. In April 2013, Canine Health<sup>®</sup> received the Quality Seal from the National Animal Supplement Council.

We transitioned our operations in Japan from a “not-for-resale” model to our traditional direct selling model in January, 2013. Additionally, in January 2013 we announced our release in Japan of a new formulation of Protandim<sup>®</sup> that meets local regulatory requirements.

## Our Products

Our products are Protandim<sup>®</sup>, LifeVantage TrueScience<sup>®</sup> and Canine Health<sup>®</sup>. Protandim<sup>®</sup> 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. LifeVantage TrueScience<sup>®</sup> is our science-based anti-aging skin care product, which incorporates some of the ingredients found in our Protandim<sup>®</sup> product with other proprietary ingredients. Canine Health<sup>®</sup> is a supplement specially formulated to combat oxidative stress in dogs through Nrf2 activation.

We sell our Protandim<sup>®</sup>, LifeVantage TrueScience<sup>®</sup> and Canine Health<sup>®</sup> products primarily through network marketing to independent distributors and to our 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. We intend to continue our research, development, and documentation of the efficacy of our Protandim<sup>®</sup> formula to provide credibility to the market. We also anticipate undertaking research, development, testing, licensing and acquisition efforts to be able to introduce additional products in the future, although we may not be successful in this endeavor.

Net revenue from Protandim<sup>®</sup>, LifeVantage TrueScience<sup>®</sup>, Canine Health<sup>®</sup> and related marketing materials totaled approximately \$156.7 million and \$81.6 million for the nine months ended March 31, 2013 and 2012, respectively.

## Three and Nine months Ended March 31, 2013 Compared to Three and Nine months Ended March 31, 2012

Revenue We generated net revenue of \$50.4 million during the three months ended March 31, 2013 and generated net revenue of \$36.2 million during the three months ended March 31, 2012. We generated net revenue of \$156.7 million during the nine months ended March 31, 2013 and \$81.6 million during the nine months ended March 31, 2012. The increases in revenue of \$14.2 million and \$75.1 million for the three and nine months ended March 31, 2013 compared to the three and nine months ended March 31, 2012 are due to increased volume of product sales in the Americas and Asia Pacific. Sales in the Americas region accounted for \$4.6 million and \$35.2 million, respectively, of the increase. Our sales in Asia Pacific accounted

for \$9.6 million and \$39.9 million, respectively, of the increase. During the three and nine month periods ended March 31, 2013, all of our sales and marketing effort was directed toward building our network marketing sales.

**Gross Margin** Our gross profit percentage for the three month periods ended March 31, 2013 and 2012 was 86% . Our gross profit percentage for the nine months ended March 31, 2013 and 2012 was 81% and 86%, respectively. The lower gross margins for the nine months ended March 31, 2013 are due to increased costs of \$5.6 million recorded in December 2012 due to a voluntary recall of certain lots of our Protandim® product.

**Operating Expenses** Total operating expenses for the three months ended March 31, 2013 were \$39.6 million as compared to operating expenses of \$24.8 million for the three months ended March 31, 2012. Total operating expenses during the nine months ended March 31, 2013 were \$115.5 million as compared to operating expenses of \$55.8 million during the nine months ended March 31, 2012. Operating expenses consist of sales and marketing expenses, general and administrative expenses, research and development, and depreciation and amortization expenses. The increase in total operating expenses for three and nine month periods ended March 31, 2013 compared to the relevant prior year periods was primarily due to commissions paid to distributors on the higher sales volume as well as increases in headcount, facilities and related expenses as we have continued to experience high growth. We expect our operating expenses to continue to increase as sales increase.

**Sales and Marketing Expenses** Sales and marketing expense increased from \$19.7 million for the three months ended March 31, 2012 to \$29.8 million for the three months ended March 31, 2013. Sales and marketing expenses increased from \$44.1 million for the nine months ended March 31, 2012 to \$89.0 million for the nine months ended March 31, 2013. These increases were due primarily to commissions paid to distributors due to higher sales volume, increased headcount costs and increased costs for distributor events and promotions. We expect continued increases in sales and marketing expenses as our sales increase.

**General and Administrative Expenses** Our general and administrative expense increased from \$4.6 million for the three months ended March 31, 2012 to \$8.4 million for the three months ended March 31, 2013. General and administrative expense increased from \$10.5 million for the nine months ended March 31, 2012 to \$23.2 million for the nine months ended March 31, 2013. The increases were due primarily to increased headcount and facilities costs as we have continued to hire to support our growth, and to increased legal and professional fees directly related to our growth.

**Research and Development** Our research and development expenses increased from \$378,000 for the three months ended March 31, 2012 to \$848,000 for the three months ended March 31, 2013. Research and development expenses increased from \$924,000 for the nine months ended March 31, 2012 to \$2.1 million for the nine months ended March 31, 2013. The increases are primarily a result of an increase in salary and benefits. The recognition and timing of these expenses will be dependent upon entry into specific research and development projects.

**Depreciation and Amortization Expense** Depreciation and amortization expense increased from \$146,000 during the three months ended March 31, 2012 to \$499,000 during the three months ended March 31, 2013. Depreciation and amortization expense increased from \$323,000 for the nine months ended March 31, 2012 to \$1.2 million for the nine months ended March 31, 2013. These increases were due primarily to capital acquisitions made during the three and nine month periods ended March 31, 2013 related to our continuing growth and to new leased office space in Utah and Japan.

**Net Other Income (Expense)** We recognized net other income of \$122,000 during the three months ended March 31, 2013 as compared to net other expense of \$10.7 million during the three months ended March 31, 2012. During the nine months ended March 31, 2013 we recognized net other expense of \$426,000 as compared to net other expense of \$6.7 million for the nine months ended March 31, 2012. Net other income for the three months ended March 31, 2013 consisted primarily of income related to a business development incentive partially offset by foreign currency net losses. Net other expense for the nine months ended March 31, 2013 consisted primarily of income related to a business development incentive offset by foreign currency net losses. Net other income (expense) recognized during the three and nine months ended March 31, 2012 was primarily due to the valuation of derivative liabilities related to warrants issued as part of previous financing rounds. As of June 30, 2012 there were no derivative instruments remaining requiring liability treatment.

**Income Tax Benefit (Expense)** We recognized income tax expense of \$646,000 and \$3.6 million, respectively, for the three and nine months ended March 31, 2013 as compared to income tax expense of \$587,000 for the three months March 31, 2012 and income tax benefit of \$251,000 for the nine months ended March 31, 2012.

**Net Income** We recorded net income of \$3.4 million for the three month period ended March 31, 2013 compared to net loss of \$4.8 million for the three month period ended March 31, 2012. We recorded net income of \$7.8 million for the nine months ended March 31, 2013 compared to net income of \$7.6 million for the nine months ended March 31, 2012.

## **Liquidity and Capital Resources**

Our primary liquidity and capital resource requirements are to finance our continued expansion. 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 other operating 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 March 31, 2013, our available liquidity was \$27.2 million, including available cash and cash equivalents. This represented an increase of \$2.6 million from the \$24.6 million in cash and cash equivalents as of June 30, 2012. During the nine months ended March 31, 2013, our net cash provided by operating activities was \$10.1 million as compared to net cash provided by operating activities of \$11.7 million during the nine months ended March 31, 2012. During the nine months ended March 31, 2013, our net cash used by investing activities was \$4.6 million, due to the purchase of fixed assets. During the nine months ended March 31, 2012, our net cash used by investing activities was \$1.4 million primarily due to the purchases of fixed assets and partially offset by the redemption of marketable securities.

Cash used by financing activities during the nine months ended March 31, 2013 was \$2.8 million compared to cash provided by financing activities of \$290,000 during the nine months ended March 31, 2012. Cash used by financing activities during the nine month period ended March 31, 2013 related to the repurchase of Company stock partially offset by proceeds received from the exercise of options and warrants.

At March 31, 2013, we had working capital (current assets minus current liabilities) of \$25.3 million, compared to working capital of \$22.8 million at June 30, 2012.

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 March 31, 2013, 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 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.

Our return policy is to provide a full refund for product returned within 30 days if the returned product is unopened or defective. As of March 31, 2013, approximately \$15.9 million of our sales were subject to the money back guarantee. We replace product returned due to damage during shipment at our cost, the total of which historically has been negligible. In

addition, we allow terminating distributors to return 30% of unopened, unexpired product they purchased during the prior twelve months, subject to certain consumption limitations, for a full refund, less a 10% restocking fee.

We monitor our return estimate on an ongoing basis and may revise the allowances to reflect our experience. Our allowance for product returns was \$821,000 at March 31, 2013, compared with \$863,000 at June 30, 2012. 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 value our inventory at the lower of cost or market value on a first in first out basis. Accordingly, we reduce our inventories for the diminution of value resulting from product obsolescence, damage or other issues affecting marketability equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include (i) current sales data and historical return rates, (ii) estimates of future demand, (iii) competitive pricing pressures, (iv) new production introductions, (v) product expiration dates, and (vi) component and packaging obsolescence.

We wrote down \$3.7 million of inventory in December 2012 related to our voluntary recall.

**Revenue Recognition** We ship the majority of our product directly to the consumer 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.

**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.

**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.

**Commitments and Obligations** The following table summarizes our contractual payment obligations and commitments as of March 31, 2013 (in thousands):

<b>Contractual Obligations</b>	<b>Total</b>	<b>Payments due by period</b>			
		<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>Thereafter</b>
Operating Lease Obligations	\$ 18,974	\$ 2,159	\$ 8,341	\$ 4,734	\$ 3,740

### 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 SEC rules and regulations, because the aggregate worldwide market value of our common stock held by non-affiliates was more than \$75 million, but less than \$700 million, as of December 31, 2011, we became an “accelerated filer” for purposes of, among other things, our filing status under the Securities Exchange Act of 1934 (the “Exchange Act”). We were a “smaller reporting company” when we determined our filing status for purposes of our annual report on Form 10-K for our fiscal year ended June 30, 2011. SEC rules and regulations provide that a smaller reporting company transitioning away from smaller reporting company status, as we did in fiscal 2012, may finish reporting as a smaller reporting company for the rest of the fiscal year, including in its annual report on Form 10-K, and is not required to satisfy the larger reporting company disclosure requirements until the first quarterly report for the new fiscal year following the determination date. Accordingly, we were not required to and did not provide the quantitative and qualitative disclosures about market risk required by Item 305 of Regulation S-K in our annual report on Form 10-K for our fiscal year ended June 30, 2012. As a result, we are not required to provide the quantitative and qualitative disclosures about market risk required by Item 305 of Regulation S-K in this quarterly report.

### Item 4. Controls and Procedures

#### Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to ensure that the information required to be disclosed in the reports we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (b) accumulated and communicated to management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness and design and operation of such disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of March 31, 2013.

### **Changes In Internal Control over Financial Reporting**

An evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 of the Exchange Act was also performed under the supervision and with the participation of our management, including our CEO and CFO, of any change in our internal control over financial reporting that occurred during our last fiscal quarter. That evaluation did not identify any changes in our internal control over financial reporting during the three months ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II Other Information**

### **Item 1. Legal Proceedings**

On April 9, 2013, we were sued in state court in Salt Lake County, Utah. The plaintiff in the lawsuit is Ronald Jones, an independent distributor with our company. The lawsuit alleges that we entered into an agreement with Mr. Jones related to his distributor activities in Hong Kong and that we subsequently breached that agreement. It also alleges that we misappropriated trade secrets that purportedly belong to Mr. Jones. The lawsuit seeks over \$20 million in damages. We believe the allegations made by Mr. Jones are completely without merit and we intend to vigorously defend the lawsuit.

### **Item 1A. Risk Factors**

The following description of risk factors includes any material changes to, and, if applicable, supersedes the description of, risk factors associated with our business previously disclosed in “Part I. Item 1A — Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012, and it supplements and should be read in conjunction with the detailed discussion of risks associated with our business in our recent SEC filings, including 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, 2012.

***Because our Japanese operations account for a significant part of our business, an inability to strengthen our business and work with continued government regulations in Japan could harm our business.***

Approximately 28% of our fiscal 2012 revenue was generated in Japan. The Japanese market has changed significantly since we began selling into the market in fiscal 2010 and its regulatory framework continues to change. In 2011, for example, the Ministry of Health, Labour and Welfare, or MHLW, made the determination that Ashwagandha, one of the ingredients in Protandim®, is inappropriate for inclusion in a food product in Japan. In January 2013, we announced the release of a new formulation of Protandim for the Japanese market. Our business in Japan could be substantially harmed if we determine, or if the market perceives, that this formulation of Protandim does not have the same effect as the original formulation, if the market does not accept this formulation, or if the formulation faces additional challenges from regulatory agencies in Japan. Other factors that could impact our results in Japan include:

- continued or increased levels of regulatory or media scrutiny and any regulatory actions taken by regulators, or any adoption of more restrictive regulations, in response to such scrutiny;
- significant weakening of the Japanese yen;
- increased regulatory constraints with respect to the claims we can make regarding the efficacy of Protandim®, which could limit our ability to effectively market that product;

- the initiatives we have implemented in Japan, which are patterned after successful initiatives implemented in the U.S., may not generate renewed growth or increased productivity among our independent distributors in Japan, and may cost more or require more time to implement than we have anticipated;
- inappropriate activities by our independent distributors and any resulting regulatory actions against us or our independent distributors;
- improper practices of other direct selling companies or their independent distributors that increase regulatory or media scrutiny of our industry; and
- any weakness in the economy or consumer confidence.

In January 2013, we transitioned our operations in Japan from a “not-for-resale” model to our traditional direct selling model. Our transition to a direct selling model in Japan may cause our sales in Japan to slow temporarily or permanently. Our business and financial results could be substantially harmed if the transition to a direct selling model is less successful than anticipated or if distributors in Japan do not accept our business opportunity as anticipated. Additionally, there is a high level of regulatory scrutiny of the direct selling industry in Japan. Several direct selling companies have been penalized in Japan for actions of distributors that violated applicable regulations. Such penalties have included suspension from sponsoring activities in Japan. If our distributors fail to comply with applicable regulations in Japan, regulators could take action against us, including a suspension of our sponsoring activities, or we could receive negative media attention, either of which could harm our business significantly.

***A substantial and growing portion of our business is conducted in foreign markets, exposing us to the risks of trade or foreign exchange restrictions, increased tariffs, foreign currency fluctuations, disruptions or conflicts with our third party importers and similar risks associated with foreign operations.***

A substantial portion of our sales are generated outside the United States. If we are successful in entering foreign markets, we anticipate that the percentage of our sales generated outside the United States will increase. There are substantial risks associated with foreign operations. For example, a foreign government may impose trade or foreign exchange restrictions or increased tariffs, which could negatively impact our operations. We are also exposed to risks associated with foreign currency fluctuations. For instance, purchases from suppliers are generally made in U.S. dollars while sales to distributors are generally made in local currencies. Accordingly, strengthening of the U.S. dollar versus a foreign currency could have a negative impact on us. Specifically, because approximately 28% of our fiscal 2012 revenue was generated in Japan, strengthening of the U.S. dollar versus the Japanese yen could have an adverse impact on our financial results. Additionally we may be negatively impacted by conflicts with or disruptions caused or faced by third party importers, as well as conflicts between such importers and local governments or regulating agencies. Our operations in some markets also may be adversely affected by political, economic and social instability in foreign countries.

***Inability of new products to gain distributor and market acceptance could harm our business.***

We recently introduced a new product offering, Canine Health, to our independent distributors and other customers. We may seek to further expand our product portfolio. However, any new products we introduce may not gain distributor and market acceptance. Factors that could affect our ability to introduce new products include, among others, government regulations, the inability to attract and retain qualified research and development staff, the termination of third-party research and collaborative arrangements, proprietary protections of competitors that may limit our ability to offer comparable products and the difficulties in anticipating changes in consumer tastes and buying preferences. In addition, new products we introduce may not be successful or generate substantial revenue. The introduction of a new product could also negatively impact other product lines to the extent our distributor leaders focus their efforts on the new product. If any of our products fail to gain distributor acceptance, we could see an increase in product returns.

***Unfavorable publicity could materially harm our business.***

We are highly dependent upon consumers’ perceptions of the safety, quality, and efficacy of our products, as well as competitive products distributed by other companies. In the past we have experienced negative publicity that has harmed our business. Critics of our industry and other individuals whose interests are not aligned with our interests, have in the past and may in the future utilize the internet, the press and other means to publish criticisms of the industry, our company, our products and our competitors, or make allegations regarding our business and operations, or the business and operations of our competitors. For instance, several prominent companies in our industry have been targeted by short sellers who profit if a company’s stock price decreases. These short sellers have an incentive to publicly criticize our industry and business model and any such criticism may adversely affect our stock price.

Future scientific research or publicity may not be favorable to our industry or any particular product, including Protandim. Because of our dependence upon consumer perceptions, adverse publicity associated with illness or other adverse effects resulting or claimed to have resulted from the consumption or use of our product or any similar products distributed by other companies could have a material adverse impact on us. Such adverse publicity could arise even if the claims are unsubstantiated or if the adverse effects associated with such products resulted from failure to consume or use such products as directed. Adverse publicity could also increase our product liability exposure, result in increased regulatory scrutiny and lead to the initiation of private lawsuits.

***We are subject to risks related to product recalls.***

During the manufacturing process of our products we have implemented measures that are designed to prevent and detect defects in our products, including the inclusion of foreign contaminants. However, there can be no assurance that such measures will prevent or reveal defects or detect contaminants in our products and such defects and contaminants may not become apparent until after our products have been sold into the market. Accordingly, there is a risk that product defects will occur, or that our products will contain foreign contaminants, and that such defects and contaminants will require a product recall. We do not maintain product recall insurance. In December 2012, we commenced a voluntary recall of certain lots of Protandim to alleviate concerns that some Protandim tablets may have included small metal fragments. We discovered these small metal fragments in certain batches of turmeric extract, an ingredient in Protandim we purchase from third party suppliers. Product recalls and subsequent remedial actions can be expensive to implement and could have a material adverse effect on our business, results of operations and financial condition. In addition, product recalls could result in negative publicity and could result in public concerns regarding the safety of any of our products, any of which could harm the reputation of our products and our business and could cause the market value of our common stock to decline quickly. The ultimate costs of the recall we commenced in December 2012, including financial costs, injury to our reputation, liability and reduced growth prospects, are not yet known to us.

***Raw material for our product may be difficult to obtain or expensive.***

Raw materials account for a significant portion of our manufacturing costs. Suppliers may be unable or unwilling to provide the raw materials our manufacturers need in the quantities requested, at a price we are willing to pay, or that meet our quality standards. We are also subject to potential delays in the delivery of raw materials caused by events beyond our control, including labor disputes, transportation interruptions and changes in government regulations. Any significant delay in or disruption of the supply of raw materials could, among other things, substantially increase the cost of such materials, require reformulation or repackaging of products, require the qualification of new suppliers, or result in our inability to meet customer demands.

In December 2012 we commenced a voluntary recall of certain lots of Protandim to alleviate concerns that some Protandim tablets may have included small metal fragments. We discovered these small metal fragments in certain batches of turmeric extract, one of the raw materials used to manufacture Protandim. We purchase turmeric extract from third party suppliers. Our business could be adversely affected if we are unable to obtain a reliable source of turmeric extract or any other ingredient in our products that meets our quality standards.

***We are dependent upon third parties to manufacture our product.***

We currently rely on third parties to manufacture the products we sell. We are dependent on the uninterrupted and efficient operation of third party manufacturers' facilities. If any of our current manufacturers are unable or unwilling to fulfill our manufacturing requirements or seek to impose unfavorable terms, we will likely have to seek out other manufacturers, which could disrupt our operations and we may not be successful in finding alternative manufacturing resources. In addition, competitors who perform their own manufacturing may have an advantage over us with respect to pricing, availability of product, and in other areas through their control of the manufacturing process. Following the voluntary recall we commenced in December 2012, we implemented more stringent measures, including several redundant measures, in our manufacturing process to catch contaminants. Third party manufacturers may be reluctant to implement these redundant measures, may refuse to manufacture our products and these additional measures may increase our cost of goods sold.

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

During the period covered by this report, we issued 2,281,374 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.

The following table provides information with respect to purchases we made of shares of our common stock during the quarter ended March 31, 2013.

Period	(a) Total Number of Shares (or Units) Purchased (3)	(b) Average Price Paid per Share (or Unit) (1)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)(3)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Jan. 1, 2013 to Jan. 31, 2013	145,766	\$ 2.42	145,766	\$ 4,408,910
Feb. 1, 2013 to Feb. 28, 2013	750,624	\$ 2.50	750,624	\$ 2,533,106
Mar. 1, 2013 to Mar. 31, 2013	1,002,947	\$ 2.45	992,310	\$ 107,330
Total	1,899,337	\$ 2.44	1,888,700	

- (1) Average price paid per share of common stock repurchased is the execution price, including commissions paid to brokers.
- (2) In December 2012, we announced that our board of directors authorized us to repurchase an aggregate amount of up to \$5 million of shares of our common stock. As part of that repurchase program, we entered into a pre-arranged stock repurchase plan that operated in accordance with guidelines specified under Rule 10b5-1 of the Securities Exchange. The pre-arranged stock repurchase plan terminated in accordance with its terms on April 15, 2013.
- (3) On March 22, 2013, we announced that our board of directors authorized us to repurchase an aggregate amount of up to \$5 million of shares of our common stock, which repurchase authorization is in addition to the repurchase authorization we announced in December 2012. As part of this repurchase plan, we anticipate entering into a pre-arranged stock repurchase plan that will operate in accordance with guidelines specified under Rule 10b5-1 of the Securities Exchange. To date, we have not made any purchases of our common stock pursuant to this additional repurchase authorization.
- (4) In March 2013, we withheld 10,637 shares to satisfy tax withholding obligations in connection with the partial vesting of restricted stock awards.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

### 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.

LIFEVANTAGE CORPORATION

Date: May 9, 2013

*/s/ Douglas C. Robinson*

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

Date: May 9, 2013

*/s/ David S. Colbert*

---

David S. Colbert  
Chief Financial Officer  
(Principal Financial Officer)

## Exhibit Index

<u>Exhibit</u>	<u>Description</u>
10.1#	Software Service Agreement with JIA, Inc. dated September 28, 2012
10.2#	Software License Agreement with JIA, Inc. dated September 28, 2012
31.1	Certification of principal executive officer pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Certification of principal financial officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1*	Certification of principal executive officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of principal financial officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101**	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 formatted in XBRL (extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at March 31, 2013 and June 30, 2012; (ii) Unaudited Condensed Consolidated Statements of Operations and Other Comprehensive Income for the three and nine month periods ended March 31, 2013 and 2012; (iii) Unaudited Condensed Consolidated Statement of Stockholders' Deficit for the nine months ended March 31, 2013; (iv) Unaudited Condensed Consolidated Statements of Cash Flows for the nine month periods ended March 31, 2013 and 2012; and (v) Notes to Unaudited Condensed Consolidated Financial Statements, tagged as blocks of text.

# The Company has requested confidential treatment for portions of this agreement. Accordingly, certain portions of this agreement have been omitted in the version filed with this report and such confidential portions have been filed with the Securities and Exchange Commission.

\* 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 Exchange Act 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 Exchange, and Sections 11 or 12 of the Securities Act of 1933 and is not to be incorporated by reference into any filing, or part of any registration statement or prospectus, of LifeVantage Corporation, whether made before or after the date hereof, regardless of any general incorporation language in such filing.



## SOFTWARE SERVICE AGREEMENT

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The following document constitutes a Software Service Agreement (together with its appendices, the "Agreement"), which is entered into as of **September 28, 2012** ("Effective Date") by and between:

**JIA, Inc (Jenkon)**, a corporation organized and existing under the laws of the State of Washington, United States of America, located at **203 SE Park Plaza Drive, Suite 250, Vancouver, Washington, 98684**, hereinafter referred to as "JIA", and

**LifeVantage Corporation**, a corporation organized and existing under the laws of the State of Utah located at **9815 S. Monroe Street, Suite 100, Sandy, UT 84070**, hereinafter referred to as "Licensee".

### 1. BASIS OF AGREEMENT:

Licensee has engaged JIA to provide services as described below with respect to the Licensed Software purchased by the Licensee as described in the Software section of the Order Form in Appendix B, excluding customizations or modifications to the Licensed Software, (hereinafter referred to as the "Licensed Software") which is the subject of the Software License Agreement dated **September 28, 2012** between JIA and Licensee.

### 2. PRICE AND PAYMENT:

#### 2.1. Price

Licensee shall pre-pay JIA annually for Covered Service, as determined in the Order Form defined in Appendix B which specifies the amount owed for Covered Services and terms of payment.

#### 2.2. Payment Schedule

JIA will invoice Licensee in advance for each Term of Covered Service. Payments are required to be received by JIA prior to the start of the Term to insure continued service.

Payment Schedule: See Order Form defined in Appendix B.

#### 2.3. Effective Date

The effective date of this Agreement shall be the Effective Date, and shall remain in force so long as Licensee is not in default under this Agreement, subject to section 4.

#### 2.4. Taxes

All service charges are exclusive of applicable federal, national, provincial, state or local taxes, tariffs, duties or fees. Licensee shall pay or reimburse JIA for any such taxes to the invoices submitted to Licensee by JIA.

**\*\*\* Confidential portions of this document denoted by \*\*\* have been redacted and filed separately with the Securities and Exchange Commission**

### 2.5. Changes in Price

JIA may change the Price for Covered Service anytime with thirty (30) days prior written notice to the Licensee. Licensee has the right to cancel this Agreement within thirty (30) days of receiving such notice with a written cancellation notice. JIA may not increase the service charges more often than annually. When additional licenses and or modules are purchased standard service charges will be calculated as of the date of purchase.

## 3. COVERED SERVICE:

### 3.1. Covered Service

Covered Service shall be provided during JIA's normal business hours, which is defined as 7:00am PST to 6:00pm PST, Monday through Friday. Licensee shall have access to Emergency Hotline Support of this Software Service Agreement. JIA shall provide to Licensee under the terms of this Agreement, the following:

- 3.1.1. Free telephone support service during JIA's normal business hours. JIA shall respond to a call from Licensee during JIA's normal business hours for covered services within one hour.
- 3.1.2. Access to twenty-four (24) hour Emergency Hotline Support Services outside of normal business hours and during holidays, which are listed in Appendix A of this Agreement. JIA shall respond to a call from Licensee outside of JIA's normal business hours within [\*\*\*] hours. Emergency Hotline Support is available for the following conditions:
  - Licensee cannot connect or 'log on' to the Licensed Software
  - Processing of commissions via the Licensed Software has ceased to operate or failed to operate as specified according to the 'Commissions Sign Off Document' executed between JIA and Licensee
- 3.1.3. License to new patches and upgrades to the Licensed Software as they are made generally available, which does not include professional services for the upgrade. Major Licensed Software enhancements are priced and purchased separately.
- 3.1.4. JIA will, from time to time, advise Licensee of new devices, software programs, or other information that will aid Licensee in the ongoing utilization of the Licensed Software.
- 3.1.5. Repair or correction of Licensed Software programming due to modifications made by JIA at Licensee's request for a period of thirty (30) days following installation of the modification. Licensee is responsible for testing any modifications within thirty (30) days and reporting any errors to JIA.
- 3.1.6. Correction of Licensee's data that was caused by a Licensed Software program error.

### 3.2. Billable Service Call

Billable service call will be any service, other than Covered Service, performed by JIA and billed at JIA's current hourly rate, and includes, but is not limited to, the following types of service:

- 3.2.1. Repair or correction of any Licensee data which is caused by Licensee's error, or Licensee's equipment failure.
- 3.2.2. Work on any software not sold and licensed to Licensee by JIA.

**[\*\*\*] Confidential portions of this document denoted by [\*\*\*] have been redacted and filed separately with the Securities and Exchange Commission**

- 3.2.3. Licensee shall advise JIA in writing of any modifications made to the Licensed Software. JIA shall not be responsible for maintaining Licensee modified portions of the Licensed Software. Corrections or defects traceable to Licensee's errors or system changes will be billed at JIA's current hourly rate.
- 3.2.4. Work required for the delivery of an upgrade to the Licensed Software.
- 3.2.5. Correction to incorrect data resulting from any error that was discovered after the commission period, as configured in the Licensed Software, has been closed. Licensee is responsible to complete an audit of any compensation calculations prior to closing any such commission period.
- 3.2.6. Time spent researching a reported issue that is determined by JIA to not be an error in the Licensed Software
- 3.2.7. Repair or correction of any data that results from incorrect data entry on behalf of the Licensee by any employee or agent of Licensee.
- 3.2.8. Work requested by the Licensee for the creation of new software programs, or the enhancement or customizing, of existing Licensed Software programs.
- 3.2.9. Changing data at the request of Licensee.
- 3.2.10. Work required to correct Licensed Software, tables, commission plan components or system settings which has been modified by the Licensee or a third party.
- 3.2.11. Work required to correct problems which would not have occurred if the current release of the Licensed Software, which had been offered to the Licensee, was being used by Licensee but the Licensee elected not to load it on the system.
- 3.2.12. Training, consulting, or advising Licensee on matters not covered under Covered Service.
- 3.2.13. Training, consulting or advising consultants, contractors, or any third parties contracted by Licensee.

### **3.3. Billable Service Terms and Rates**

Billable service will be charged to the Licensee according to the JIA's billable rates in force at the time the service is carried out. All charges for billable service shall be paid by Licensee within thirty (30) days of the invoice date or according to the terms set in the applicable sales order, otherwise within the due date on the invoice. Failure to comply with this shall cause a default of this Agreement. Interest will be charged on the past due balances at an annualized rate of eighteen percent (18%) (1.5% per month) or the maximum allowed by law, whichever is less.

Billable Service Calls performed at Licensee's site or office location will be charged at billable rates in force at the time the service is performed. Each additional hour of service requested by the Licensee in a single day beyond the first eight hours may be billed at a rate equal to one hundred fifty percent (150%) of the normal rate in force at the time. Billable service rates will not increase by more than ten percent (10%) annually while Licensee is not in default of this agreement.

**\*\*\* Confidential portions of this document denoted by \*\*\* have been redacted and filed separately with the Securities and Exchange Commission**

#### **4. TERM AND TERMINATION:**

This Agreement shall become effective on the Effective Date of this Agreement, and unless sooner terminated as hereinafter provided, shall remain in full force and effect for an initial term of one (1) year from such date, and then automatically renewed each subsequent year unless otherwise terminated by either party by written notice delivered at least thirty (30) days in advance. Automatic renewal shall not occur if Licensee is in default of a material term of the Agreement.

#### **5. LIMITED REMEDY:**

JIA's entire liability, and Licensee's exclusive remedy, for breach of Section 1.1 with respect to the Covered Services or breach of any other provision in this Agreement, regardless of the form of action, whether in contract or in tort, including negligence, shall be as follows:

- 5.1. JIA will use commercially reasonable efforts to correct Licensed Software not conforming to JIA's specification and to correct or restore any Licensee data that was damaged or corrupted by any such non-conformity.
- 5.2. In as much as Licensee shall prepare commission checks or other forms of compensation disbursements using the Licensed Software, Licensee shall accept full responsibility to audit and verify all compensation, earnings, performance, credit and other calculations before releasing any compensation or performance payments, credits or information to any other person or entity. In the event an error is found, whether before or after any such payments, credits or other information is released by Licensee, JIA's exclusive liability shall be to correct the Licensed Software in a timely fashion. If Licensee releases incorrect compensation, earnings, performance, credits or other information to any person, JIA shall not be liable in any form or manner for any of Licensee's losses or damages.
- 5.3. If, after reasonable efforts, JIA is unable to make the Licensed Software operate in accordance with JIA's specifications, Licensee may terminate this Agreement and recover its actual direct damages, subject to the limitation in Section 5.2 above and in Section 6 below.
- 5.4. In no event will JIA be liable for damages caused by a Licensee's breach of the Software License Agreement or this Agreement or for any damages caused by Licensed Software that has been modified Licensee, JIA or any other person.
- 5.5. No action regardless of form, arising out of a claim of a breach of this Schedule may be brought by either Party more than one (1) year after the date of the alleged breach, except that an action for nonpayment will be limited only by the statute of limitations of the State of Washington.

#### **6. LIMITATION OF LIABILITY:**

IN NO EVENT SHALL (A) JIA BE LIABLE UNDER THIS SCHEDULE FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE, EXEMPLARY OR INCIDENTAL DAMAGES OF ANY NATURE WHATSOEVER OR FOR ANY LOST PROFITS, LOSS OF USE OR COST OF CURE; AND (B) JIA'S LIABILITY FOR MONEY DAMAGES, HOWEVER CAUSED, ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE SERVICES EXCEED THE SUPPORT FEES PAID BY LICENSEE UNDER THIS AGREEMENT WITHIN THE [\*\*\*] PERIOD BEFORE THE DATE LICENSEE NOTIFIED JIA OF THE CLAIM. THESE LIMITATIONS WILL APPLY EVEN IF JIA HAS BEEN ADVISED OF THE POSSIBILITY OF THOSE DAMAGES AND REGARDLESS OF THE LEGAL THEORY OF LIABILITY, WHETHER UNDER CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), OR ANY OTHER THEORY WHATSOEVER.

**[\*\*\*] Confidential portions of this document denoted by [\*\*\*] have been redacted and filed separately with the Securities and Exchange Commission**

## 7. GENERAL:

### 7.1. Representations of JIA Products and Services

Licensee acknowledges and understands that the following individuals are the only persons at JIA who have the authorization or right to make any commitment, claim, or request regarding any financial matter between JIA and Licensee including, but not limited to, the quotation or estimation of any professional services, or functionality that may or may not be available, or made available, within the Licensed Software:

- Licensee's assigned JIA Project Manager or Account Manager
- Vice President-level personnel
- President & CEO

### 7.2. Default

It is a default under this Agreement if Licensee breaches any one or more of the covenants, terms or conditions of this Agreement to be paid, performed, or complied with by Licensee.

### 7.3. Notices

All material notices regarding this Agreement shall be given in writing and shall be personally delivered or sent by postage prepaid mail addressed to the parties at their addresses first mentioned, or at such other addresses as either party may designate to the other by notice as provided in this section. Notices shall be deemed effective upon their deposit with a courier service (such as Federal Express, UPS, DHL or USPS Priority) with next day delivery, properly addressed and postage prepaid.

All notices, requests and demands to or upon the respective Parties shall be in writing to:

To Licensee            To:

LifeVantage Corporation  
9815 S. Monroe Street, Suite 100  
Sandy, UT 84070

Attn: Bob Cutler

JIA, Inc.  
203 SE Park Plaza Dr, Suite 250

Vancouver, WA 98684  
Attn: Accounting Department

### 7.4. Invalid Provisions

If any provision of this Agreement were invalid or unenforceable, then the remainder of this Agreement shall not be affected thereby.

### 7.5. Assignment

This Agreement is assignable by JIA upon written notice to Licensee. This Agreement is not assignable by Licensee without written consent of JIA. In the event of assignment, the promises and covenants herein contained shall continue to be binding upon the original parties.

### 7.6. Entire Agreement

**\*\*\* Confidential portions of this document denoted by \*\*\* have been redacted and filed separately with the Securities and Exchange Commission**

This Agreement supersedes all prior agreements, letters of intent, negotiations, representations and proposals, written or oral, requests for proposals, or previous discussions of the parties. There have been no other promises or inducements, oral or written, given by any party to the other to enter into this Agreement. The parties agree that this Agreement or any term or provision thereof shall not be modified in any manner whatsoever without the written authorization of both parties hereto and signed by both an authorized representative of Licensee and by an authorized representative of JIA. To the extent of any conflict or inconsistency, the Software License Agreement shall supersede and prevail over any term of this Software Service Agreement as to the matters addressed herein. **This Agreement is subject to all terms of the Confidentiality Agreement in Appendix B of the Software License Agreement.**

#### **7.7. Arbitration**

If any controversy or dispute arises out of this Agreement, or the breach thereof, the parties will endeavor to settle such dispute amicably. If the parties shall fail to settle any dispute, such dispute shall be finally settled by binding arbitration conducted in Clark County, Washington. All arbitration shall be in accordance with the then existing Commercial Arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof; provided that nothing in this section shall prevent a party from applying to a court of competent jurisdiction to obtain temporary relief pending resolution of the dispute through arbitration. The parties hereby agree that service of any notices in the course of such arbitration at their respective addresses as provided for in this Agreement shall be valid and sufficient. If either party seeks to enforce its rights under this Agreement, the non-prevailing party shall pay all costs and expenses incurred by the prevailing party.

#### **7.8. Attorney Fees**

The prevailing party in any arbitration or lawsuit concerning this Agreement or any matter related thereto shall be entitled to any award of reasonable attorney fees and costs from the other, including fees incurred through trial, appeal or in bankrupt proceedings. Attorney fees awarded pursuant to this paragraph shall not be included within the definitions of "Damages" or otherwise limited by paragraph 5.1.3.

#### **7.9. Governing Laws**

This Agreement shall be governed by and construed in accordance with the laws of the state of Washington. Jurisdiction and Venue for any dispute regarding this Agreement will be based in Clark County, Washington.

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**\*\*\* Confidential portions of this document denoted by \*\*\* have been redacted and filed separately with the Securities and Exchange Commission**

**8. AUTHORIZED SIGNATURE:**

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement effective as identified below.

<b>Accepted by:</b>	<b><i>JIA, Inc.</i></b>	<b><i>LifeVantage Corporation</i></b>
<b>Name : (Please Print)</b>	J. Robert Cavitt	Douglas C. Robinson
<b>Name : (Signature)</b>	/s/ J. Robert Cavitt	/s/ Douglas C. Robinson
<b>Title:</b>	President & CEO	President & CEO
<b>Date:</b>	October 1, 2012	September 28, 2012

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**\*\*\* Confidential portions of this document denoted by \*\*\* have been redacted and filed separately with the Securities and Exchange Commission**

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## APPENDIX A

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JIA closes its offices in observance of national holidays. Following is an example of such occurrences. Note that some national holidays that fall on the weekend, will be observed during the business week and may vary from year to year:

### **2011**

President's Day

Memorial Day

Independence Day

Labor Day

Thanksgiving (2 days)

Christmas (2 days)

New Year's Day

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# APPENDIX B

## JIA, Inc. Order Form

203 SE Park Plaza Drive, Suite 250  
Vancouver, WA USA 98684

### Presented To:

**LifeVantage Corporation**  
10813 S. River Front Parkway, Suite 500  
South Jordan, UT 84095

Date: September 28, 2012

Amount

### Professional Services

#### Project Management – [\*\*\*] Hours Estimated

Includes up to [\*\*\*] hours for the overall project coordination and weekly status reporting for the standard un-modified implementation of the Licensed Software. *Additional Project Management Service will be identified for any services that are not yet estimated and listed as To Be Determined. These services will be included in any separate quotes provided by Jenkon.*

\$[\*\*\*]

#### Business Analysis Services – [\*\*\*] Hours Estimated

Includes up to [\*\*\*] hours for System Study and Fit Analysis services for the existing LifeVantage operations which will have the intent of identifying:

\$[\*\*\*]

- Standard System Configuration
- Identification of any Unique Customizations & Modifications to the Software
- System Integration Requirements
- Required Custom Database Fields for Unique Requirements
- Data Conversion Requirements

#### J6 Software Custom Development Services – To Be Determined

Jenkon shall provide a separate quote for those Professional Services for any custom development identified during the Business Analysis Services.

*To Be Determined*

#### Data Conversions – To Be Determined

Estimate will be provided upon completion of the Business Analysis phase.

*To Be Determined*

**[\*\*\*] Confidential portions of this document denoted by [\*\*\*] have been redacted and filed separately with the Securities and Exchange Commission**

**Compensation Plan Set-up – To Be Determined**

To Be Determined

Jenkon will provide a quote upon receipt of Compensation Plan rules.

**System Installation – [\*\*\*] Hours Estimated**

Includes up to [\*\*\*] hours for the initial installation of a single Production Account and Training Account of the Licensed Software.

\$[\*\*\*]

**System Configurations – [\*\*\*] Hours Estimated**

Includes up to [\*\*\*] hours for configuration of j6 standard business rules as defined during the System Study process.

\$[\*\*\*]

**Amount**

**Professional Services - continued**

**Reporting Configurations – [\*\*\*] Hours Estimated**

Includes up to [\*\*\*] hours for setup of the following reports

- jCoach, Genealogy Viewer, Fully Genealogy Report, Group Status Report and Earnings Report.

\$[\*\*\*]

\$[\*\*\*]

We currently do not support nested tables...

**Custom Performance Dashboard Configuration – To Be Determined**

Jenkon will provide an estimate for custom configuration of the Performance Dashboard.

To Be Determined

**Branding Consulting Services – [\*\*\*] Hours**

Includes up to [\*\*\*] hours of consulting services of branding of the Personal Websites and Business Portal. *Does not include Jenkon services for actual branding of the sites.*

\$[\*\*\*]

**User Training – [\*\*\*] Hours**

Includes up to [\*\*\*] hours for User Training of the standard j6 features including:

- Commissions Processing & Auditing
- Genealogy Management & Customer Service
- Order Processing
- Inventory and Product Offer Management
- Communication Module and Templates
- J6 Administration

\$[\*\*\*]

**[\*\*\*] & SQL Schema Training – [\*\*\*] Hours**

Includes up to [\*\*\*] hours for advanced user training of jPulse and SQL Schema Training.

\$[\*\*\*]

**Onsite Go Live Support – [\*\*\*] Hours**

Professional services for Jenkon personnel to be onsite to support the pre and post go-live activities of the j6 custom application.

\$[\*\*\*]

Training Services may be provided online, on-site or through consulting via conference calls as needed. Method and locations will be identified in project planning with LifeVantage.

**Total for Professional Services**

\$[\*\*\*]

*Note: Costs related to any additional software modifications identified during the Business Analysis and the project implementation described above, Jenkon will provide separate quotations for those Professional Services.*

**[\*\*\*] Confidential portions of this document denoted by [\*\*\*] have been redacted and filed separately with the Securities and Exchange Commission**

## Payment Terms

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- Deposit of \$[\*\*\*] due upon execution of Software Services Agreement.
- All Professional Services identified in this Order Form are estimates. Actual Professional Services and related costs will vary from the estimates herein. All Professional Services will be invoiced monthly based on actual time posted by Jenkon personnel for services related to this Order Form at the rate of \$[\*\*\*] per hour.
- Final payment will be based on the balance of the total hours required for services less any applicable deposit amounts.

## Annual Fee for Software Service Agreement

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Payment of \$[\*\*\*] is due annually beginning [\*\*\*].

## Additional Terms & Conditions

We currently do not support nested tables...

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**[\*\*\*] Confidential portions of this document denoted by [\*\*\*] have been redacted and filed separately with the Securities and Exchange Commission**



## SOFTWARE LICENSE AGREEMENT

---

The following document constitutes a Software License Agreement (together with its appendices, the "Agreement"), which is entered into as of **September 28, 2012** ("Effective Date") by and between:

**JIA, Inc.**, a corporation organized and existing under the laws of the State of Washington, United States of America, located at **203 SE Park Plaza Drive, Suite 250, Vancouver, Washington, 98684**, hereinafter referred to as "JIA", and

**LifeVantage Corporation**, a corporation organized and existing under the laws of the State of Utah, located at **9815 S. Monroe Street, Suite 100, Sandy, UT 84070**, hereinafter referred to as "Licensee".

### 1. DEFINITIONS

"**Affiliate**" means, with respect to either Party, any other person directly or indirectly controlling, controlled by or under common control with that Party. The term "control" means the beneficial ownership of 51% or more of the voting equity securities or other equivalent voting interests of the relevant person together with the power to direct or cause the direction of the management, policies and/or affairs of that person.

"**Confidential Information**" shall have the meaning as specified in the Confidentiality Agreement attached hereto as Appendix B.

"**Licensed Software**" means particular program(s) selected by the Licensee as described in the Software section of the Order Form, represented in Appendix A.

"**Operational Entity**" **LifeVantage Corporation** is the business unit that will be utilizing the Licensed Software.

"**User**" means Licensee's employees and independent sales representatives using the Licensed Software.

### 2. GRANT OF LICENSE

JIA hereby grants and Licensee hereby accepts a nonexclusive, nontransferable license to use the Licensed Software, for use by Licensee, as described on the Order Form as defined in Appendix A in accordance with the terms set forth in this Agreement. JIA reserves all rights not expressly granted to Licensee.

### 3. LICENSE FEES

Licensee shall pay the fees for the Licensed Software as described on the Order Form. Any late payment according to the terms set forth in the Order Form shall be subject to a late payment charge of one and one half percent (1 1/2%) per month, or the maximum allowed by law, whichever is less, on the past due balance, commencing with the payment's due date. The license fees stated herein are for the Licensed Software only and are exclusive of all taxes, duties, and

**\*\*\* Confidential portions of this document denoted by \*\*\* have been redacted and filed separately with the Securities and Exchange Commission**

other governmental charges. The Licensee agrees to pay any and all taxes, duties, and other governmental charges on the Licensed Software however designated or levied.

#### **4. USE RESTRICTIONS**

Licensee's right to use the Licensed Software is limited to use by Licensee's employees for Licensee's own internal business purposes, which shall not compete or conflict with the interest of JIA. This License allows use of the Licensed Software for a single Operational Entity as defined in Section 1. Licensee shall not have the right to sublicense the Licensed Software or to otherwise allow the use of the Software by any other person, including its affiliates, or third party entity without JIA's prior written consent.

Upon JIA's request, Licensee will immediately provide written disclosure of all users, Affiliates, businesses or other entities accessing the Licensed Software. Licensee agrees to not attempt to exceed in any manner the type or quantity of users allowed to access the Licensed Software defined in the Order Form. Should Licensee require additional users or Affiliates to have access to the Licensed Software, Licensee agrees to contact JIA and satisfy any applicable commercial conditions prior to additional usage.

#### **5. COPY RESTRICTIONS**

Licensee shall not: (a) copy the Licensed Software except as required for use as provided in this Agreement and for archival storage to assure against loss, and then only if Licensee reproduces and includes JIA's copyright notice and other proprietary notices on each copy; (b) alter, remove, distort or otherwise disturb any copyright, patent, trademark or other proprietary rights notices on the Licensed Software or any other materials that JIA provides under this Agreement; (c) modify the Licensed Software (notwithstanding Section 6) or any Confidential Information without JIA's prior written consent; or (d) reverse engineer, decompile or disassemble the Licensed Software or any Confidential Information except to the extent applicable law allows Licensee to do so to create interfaces or any other purpose required by law, and then only if Licensee gives JIA prior written notice and the opportunity to submit a proposal to Licensee for any interfaces or other purposes required by law.

#### **6. OWNERSHIP**

JIA shall own all changes and/or modifications made by JIA (JIA owned modifications) or Licensee to the Licensed Software. Without limiting the preceding, Licensee, on its own behalf, (a) acknowledges and agrees that JIA shall be considered the author for copyright purposes of all copyrightable material contained in JIA owned modifications and JIA owned materials, and (b) acknowledges JIA's authorship and/or ownership of all intellectual property and proprietary rights with respect to the Licensed Software, including without limitation, all copyright, trademark, patent, service mark, logo, Confidential Information of JIA or trade secret rights, and (c) disclaims any and all such interests. For good and valuable consideration, including the license rights granted to Licensee under this Agreement, Licensee irrevocably assigns to JIA all right, title and interest in and to all changes, modifications and/or enhancements made by or on behalf of Licensee before or after the date of this Agreement, as and when created, including without limitation, all copyrights, patent rights, trademark rights, and trade secret rights therein. Upon Licensee's request, Licensee will execute and deliver to JIA any documentation reasonably requested by JIA to reflect that assignment. Rights granted by JIA to Licensee under this Agreement shall in no manner affect exclusive ownership by JIA of the Licensed Software. JIA shall have the right to retain, obtain, and hold in its own name all copyrights, registrations, and similar protection which may be available with respect to the Licensed Software. Licensee will assist JIA, at JIA's expense, to perfect the ownership of such rights in JIA, and to that end Licensee shall require all employees, independent contractors and consultants to disclose all such JIA owned modifications and JIA owned materials to Licensee and JIA. Licensee shall require those employees and independent contractors either to assign any and all rights therein to JIA, as and when created. Licensee warrants to have executed a written assignment of those rights to JIA and that Licensee will not in any way contest JIA's ownership of those rights. No right, license or other right is granted to Licensee, expressly or by implication, estoppel or otherwise, with respect to any proprietary information or patent, copyright,

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trade secret or other intellectual property right owned or controlled by JIA except as expressly provided in this Agreement. JIA does not own Licensee's Confidential Information and will either return or destroy it upon termination of this Agreement, upon request. Reverse engineering, decompilation or any other source code derivations of any object code and Confidential Information by Licensee are expressly prohibited

## 7. TERM AND TERMINATION

The term of Licensee's license under this Agreement shall commence upon the Effective Date and shall remain in force so long as Licensee is not in default under this Agreement. In the event of a breach of Sections 4, 5 or 6 above, or Sections 9, 10, 14, or Confidentiality Agreement below, this Agreement will terminate immediately without notice or an opportunity to cure. In the event that Licensee defaults under any other section of this Agreement and that default is not cured within thirty (30) days following written notice from JIA, Licensee's rights hereunder shall terminate. Upon termination of this Agreement for any reason, Licensee will (a) delete and destroy or return to JIA the original and all copies of the Licensed Software and not to retain any copies of the Licensed Software; and (b) within 30 days of termination, will certify in writing that Licensee has complied with the terms of this paragraph.

## 8. WARRANTY DISCLAIMER

Licensee acknowledges and agrees that it has been provided with ample opportunity to evaluate the suitability of the Licensed Software for Licensee's needs. Licensee shall look to the services offered by JIA pursuant to its maintenance program under a separate agreement as the exclusive remedy with respect to any errors in or problems with the Licensed Software. JIA DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE LICENSED SOFTWARE, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL JIA BE LIABLE FOR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER OR FOR ANY LOST PROFITS, LOST OF USE OR COST OF CURE. JIA'S LIABILITY SHALL IN NO EVENT EXCEED THE LIMITATION OF LIABILITY IDENTIFIED IN THE SOFTWARE SERVICES AGREEMENT EXECUTED BETWEEN THE LICENSEE AND JIA .

## 9. TRADE SECRETS & CONFIDENTIALITY

Without limiting JIA's intellectual property rights, Licensee acknowledges and agrees, on its own behalf: (a) that the Licensed Software and the source code for the Licensed Software (the "Source Code") are JIA's valuable trade secret; (b) that the Licensed Software is the fundamental product offered by JIA and any unapproved release of the Licensed Software, the Source Code or any of JIA's other Confidential Information will be materially damaging to JIA; (c) that Licensee and the Users will exercise great care to protect the Licensed Software and the Source Code and JIA's other Confidential Information from being viewed or accessed by an unauthorized individual or entity; (d) that Licensee shall keep the Source Code and JIA's other Confidential Information at a location designated that will support Licensee's obligations of Confidentiality; and (e) not to allow anyone but the Users to access or use the Licensed Software, the Source Code or any of JIA's other Confidential Information. Without limiting the preceding, Licensee will ensure that except for Licensee and the Users, none of Licensee's other Affiliates, access or use the Licensed Software, the Source Code or any of JIA's other Confidential Information.

Each Party will promptly inform the other Party of any improper access or breach of its confidentiality obligations, and cooperate in all respects in protecting the disclosing Party's interests in and to Confidential Information. Nothing in this Agreement may be construed to affect the intellectual and proprietary rights of either Party or Licensee in and to its Confidential Information, including as modified by JIA or Licensee with or without permission.

This section, and the Confidentiality Agreement in Appendix B, shall survive the termination of this Agreement for any and all reasons. Upon termination of this Agreement, both Parties agree to return to the other Party all written materials, software, hardware, lists, and other information that contains Confidential Information of the disclosing Party upon request.

**\*\*\* Confidential portions of this document denoted by \*\*\* have been redacted and filed separately with the Securities and Exchange Commission**

## 10. MODIFICATIONS; SOURCE CODE

Licensee is not authorized to access or alter Source Code of the Licensed Software in any manner unless a source code license to the Licensed Software has been purchased from JIA. If Licensee obtains access to any Source Code, whether from JIA or otherwise, Licensee shall treat that Source Code as Confidential Information constituting a trade secret of JIA, subject to the restrictions set forth in Sections 4, 5, 6, 9 and the Confidentiality Agreement of this Software License Agreement.

If Licensee purchases a Source Code license from JIA, Licensee is not authorized to grant access to the Source Code of the Licensed Software to any consultant, contractor, agent or third-party of any kind unless such access has been authorized by JIA in writing. JIA may, among other factors, condition the grant of access to the Source Code to the proposed recipient's execution and delivery to JIA of a non-disclosure and confidentiality agreement in form and content satisfactory to JIA in its sole discretion. Any breach of these terms will be considered a violation by Customer and Licensee of the conditions set forth in Sections 4, 5, 6 and 9 of this Agreement and the Confidentiality Agreement set forth in Appendix B of this Agreement.

Any modifications made to the Source Code and Licensed Software at the request of Licensee, whether made by JIA, Licensee or an employee, agent or representative of Licensee under the Source Code license, shall be for Licensee's own internal use only, shall be considered part of the Licensed Software, shall be owned by JIA, and shall be subject to the restrictions on the Source Code and Licensed Software, as applicable, provided for in this Agreement.

## 11. ACCEPTANCE

JIA shall install the current general release version of Licensed Software on servers accessible to the Licensee. The Licensed Software shall be considered to have been successfully installed and accepted by the Licensee when the Licensee is able to successfully login to the Licensed Software located upon the servers designated by the Licensee. All payments made by Licensee for the Licensed Software under this Agreement are fully earned and non-refundable.

## 12. INDEMNITY BY JIA

JIA agrees to indemnify Licensee, as limited by this paragraph and paragraph 8 of the Agreement, with respect to any suit, claim or proceeding brought by a third party against Licensee alleging that Licensee's use of the Licensed Software constitutes an infringement of any valid United States patent or copyright. JIA agrees to defend Licensee against any such claims and to pay litigation costs, reasonable attorney's fees, and damages awarded by a court of competent jurisdiction to that third party if, and only if, Licensee promptly gives notice to JIA of any such suit, claim or proceeding, tenders sole control of such suit, claim or proceeding to JIA, and cooperates with JIA in the defense or settlement of such suit, claim or proceeding.

If a claim or allegation is made, or in either Party's judgment is likely to arise, JIA may, at JIA's option:

- (i) procure for Licensee the right to continue using the Licensed Software;
- (ii) replace or modify the Licensed Software so that Licensee's use is not subject to any such claim or allegation; or
- (iii) accept return of the Licensed Software to JIA, and in the event of such return, refund the license fee paid for the Licensed Software, less a discount for Licensee's past beneficial use.

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Upon JIA's satisfaction of any of the preceding options, JIA shall have no further liability or obligations arising from any claim of patent or copyright infringement under this Agreement or otherwise.

JIA's indemnity obligations shall not apply to claims to the extent that they arise from any modification or alteration of Licensed Software by anyone other than JIA.

### 13. KEY FILES

Licensee acknowledges that the Licensed Software may contain Key Files which are a form of disabling code. For the purposes of this section, "disabling code" means computer code which interferes with the normal operation of the Licensed Software in order to prevent unauthorized use of the Licensed Software.

### 14. GENERAL PROVISIONS

All notices, requests and demands to or upon the respective Parties shall be in writing to:

To Licensee:                      To:

LifeVantage Corporation  
9815 S. Monroe Street, Suite 100,  
Sandy, UT 84070

JIA, Inc.  
203 SE Park Plaza Dr, Suite 250

Vancouver, WA 98684

Attn: Bob Cutler

Attn: Accounting Department

Neither Party shall be liable for any failure or delay in its performance under this Agreement, except for payment of invoices, due to causes, including, but not limited to, acts of God, acts of civil or military authority, fires, epidemics, floods, earthquakes, riots, wars, sabotage, labor shortages or labor disputes, and governmental actions, which are beyond reasonable control. Any delay incurred as a result of such causes shall extend the term of this Agreement for a period equal to the duration of the cause.

#### 14.1. Announcement

JIA and Licensee may acknowledge, announce, or in similar fashion reveal the existence of their business relationship provided such announcement does not infringe upon either the Confidential Information of the other Party or Licensee or does not provide in any detail the specific rates, terms, and conditions found within this Agreement. Additionally, each Party may place the logo of and a link to the other Party or Licensee on its Web page and tradeshow booth.

#### 14.2. Assignment

This Agreement is assignable by JIA upon written notice to Licensee. This Agreement is not assignable by Licensee without written consent of JIA. In the event of assignment, the promises and covenants herein contained shall continue to be binding upon the original parties.

#### 14.3. Invalid Provisions

If any provision of this Agreement is invalid or unenforceable, then the remainder of this Agreement shall not be affected thereby.

#### 14.4. Entire Agreement; Amendments

**\*\*\* Confidential portions of this document denoted by \*\*\* have been redacted and filed separately with the Securities and Exchange Commission**

This Agreement supersedes all prior agreements, letters of intent, negotiations, representations and proposals, written or oral, requests for proposals, or previous discussions of the Parties. There have been no other promises or inducements, oral or written, given by any Party to the other to enter into this Agreement. The Parties agree that this Agreement or any term or provision thereof shall not be modified in any manner whatsoever without the written authorization of both Parties hereto and signed by both an authorized representative of Licensee and by an authorized representative of JIA.

#### **14.5. Governing Laws**

This Agreement shall be governed by and construed in accordance with the laws of the state of Washington. Jurisdiction and Venue for any dispute regarding this Agreement will be based in Clark County, Washington.

#### **14.6. Arbitration**

Licensee and JIA agree that any controversy or disputes arising out of this Agreement, or the breach thereof, will be resolved as described in this Section. The Parties will endeavor to settle such dispute amicably. If the Parties, and if applicable, Licensee, shall fail to settle any dispute, such dispute shall be finally settled by binding arbitration conducted in Clark County, Washington. All arbitration shall be in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the competent jurisdiction to obtain temporary relief pending resolution of the dispute through arbitration. The Parties hereby agree that service of any notices in the course of such arbitration at their respective addresses as provided for in this Agreement shall be valid and sufficient. The non-prevailing Party shall pay all costs and expenses incurred by the prevailing Party.

#### **14.7. Attorney Fees**

The prevailing Party in any arbitration or lawsuit concerning this Agreement or any matter related thereto shall be entitled to any award of reasonable attorney fees and costs from the other, including fees incurred through trial, appeal or in bankruptcy proceedings.

#### **14.8. Authority**

Each individual signing this Agreement warrants that he or she is authorized to, and by his or her signature does intend to, bind the entity or person for which he or she purports to act.

#### **14.9. Equitable Relief**

Because Licensee will have access to and become acquainted with Confidential information of JIA, the unauthorized use or disclosure of which would cause irreparable harm and significant injury which may be difficult to ascertain and which may not be compensable by damages alone, each Party agrees that the other Party will have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights and remedies that each Party may have for the other Party's breach of this Agreement.

#### **14.10. Inspection**

JIA have the right to inspect, from time to time, the Licensed Software, the Licensed Software database, User profiles, User count or other applicable criteria to ensure compliance to this Agreement at JIA's discretion. JIA shall treat such information as Confidential.

#### **14.11. Hiring of JIA Personnel**

JIA has invested significant time and resources in the selection, training, education and development of each JIA employee. Licensee, on its own behalf, acknowledges and agrees that significant harm and damage would result to JIA in the event JIA's employee was to terminate employment with JIA to work for Licensee, whether as an employee or as an independent contractor.

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14.11.1. Licensee will not directly or indirectly through any other person enter into any discussion about employment, engagement or compensation in any form whatsoever, or the possibility of the same including offers of employment, engagement, compensation, or other arrangements of forming a business relationship directly with any employee of JIA unless express written permission has been granted by JIA in advance. The Parties hereto do hereby acknowledge that JIA would suffer significant damage in the event that an employee of JIA were to become employed in any way by Licensee within [\*\*\*] of the employee's termination from JIA.

14.11.2. The Parties further agree that it would be difficult to ascertain with any degree of certainty the amount of damages which would be sustained by JIA. In light of the foregoing, the Parties hereto do hereby agree that in the event an employee of JIA does become so employed by Licensee within the time period set forth herein, Licensee shall pay to JIA as liquidated damages, and not as a penalty, an amount equal to [\*\*\*] of the employee's last salary at JIA, which sum shall be compensation to JIA for the inconvenience, disruption, recruitment, training, education and development of the replacement employee. Licensee shall pay that amount to JIA within thirty (30) days of the date on which the former employee of JIA commences work or services with or for Licensee.

#### **14.12. Severability**

If for any reason a court of competent jurisdiction finds any provision of this Agreement, or portion thereof, to be void, invalid, or unenforceable, that provision of the Agreement shall be enforced to the maximum extent permissible so as to affect the intent of the Parties, and the remainder of this Agreement shall continue in full force and effect.

#### **14.13. Survival**

The provisions set forth in the following Sections and Subsections of this Agreement will survive after termination or expiration of this Agreement and will remain in effect until fulfilled: "Use Restrictions", "Copy Restrictions", "Ownership", "Warranty Disclaimer", "Trade Secrets & Confidentiality", "Modifications; Source Code" and "General Provisions".

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**[\*\*\*] Confidential portions of this document denoted by [\*\*\*] have been redacted and filed separately with the Securities and Exchange Commission**

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement effective as identified below.

<b>Accepted by:</b>	<b><i>JIA, Inc.</i></b>	<b><i>LifeVantage Corporation</i></b>
<b>Name : (Please Print)</b>	J. Robert Cavitt	Douglas C. Robinson
<b>Name : (Signature)</b>	/s/ J. Robert Cavitt	/s/ Douglas C. Robinson
<b>Title:</b>	President & CEO	President & CEO
<b>Date:</b>	October 1, 2012	September 28, 2012

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## APPENDIX A

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### JIA, Inc. Order Form

203 SE Park Plaza Drive, Suite 250  
Vancouver, WA USA 98684

**Presented To:**

**Date: September 28, 2012**

**LifeVantage Corporation**

10813 S. River Front Parkway, Suite 500  
South Jordan, UT 84095

Licensed Software	Amount (USD)
<p><b>j6® System License Fee</b> [***]</p> <p>License allows for:</p> <ul style="list-style-type: none"><li>A single Production copy of the software</li><li>Unlimited number of Users may use the Licensed Software</li><li>Unlimited number of Countries may be configured within the single Production copy of the Licensed Software</li></ul> <p><b>License for use by the direct selling operations of LifeVantage Corporation</b></p>	<p></p> <p></p> <p></p> <p></p> <p><b>\$[***].00</b> <b>([***].00)</b> <b>\$[***].00</b></p>
<p><b>Employee Portal v7.5 or greater</b> <i>Major Standard Features Include:</i></p> <p><b>Plan Builder:</b></p> <ul style="list-style-type: none"><li>Supports multiple, concurrent compensation &amp; incentive plans &amp; [***]</li><li>Graphical User Interface To Create Compensation Plans, Contests/Promotion Plans, &amp; Reporting Metrics (Key Operating Indicators)<ul style="list-style-type: none"><li>Define each Plan's rules for Qualifications</li><li>Define each Plan's rules for Earnings or Point calculations</li><li>Control Plan Parameters (percentages, fixed payouts or values )</li></ul></li></ul> <p>[***] [***]</p>	<p></p>

[\*\*\*] Confidential portions of this document denoted by [\*\*\*] have been redacted and filed separately with the Securities and Exchange Commission

Copy Existing Plans  
 Add New Plans And [\*\*\*]  
 View Historical Plan Rules  
 Automatically archives the Genealogy and Transactions for each plan and period

Major Standard Features continued:

**Earnings Module:**

Multiple Titles & Title Groups  
 Allows organizing of titles and ranks within specific categories (groups) defined by the user.  
 Define Earning Categories for auditing and analysis reporting  
 Multiple Volume Types  
 Track, count or calculate different transaction types or events (i.e. orders, sales by SKU, enrollment activity, customers, event registrations) that are transmitted into the j6 database  
 Multiple Calendars/Periods for different Plans  
 Manage [\*\*\*] Types and [\*\*\*] Rules (i.e. [\*\*\*], Etc.)  
 Manage Multiple Account Classes Which Categorize Account Types (i.e. Retail, Distributor, Preferred Customer, Lead, Etc.)  
 Manage the sponsoring rules by Account Classes

**Multi-Plan Processor:**

Can provide [\*\*\*] Qualifications status  
 Generates Plan Results and Audit reporting  
 Includes standard Earnings Summary Report, Audit Detail Report, Qualifications Inquiry, Earnings Report, Downline Earnings Report and Commission Statement  
 Exemption Management  
 Earnings Adjustments  
 Volume Adjustments  
 Custom Plan Settings  
 Processing Workbench - Graphical Administrative Page  
 'At-a-glance' view of processing status for every production and model plan  
 Easy-to-use, icon-based plan processing

**Genealogy Management & Customer Service**

Add New Account, Inquiry and Edit  
 Contact Management & Inquiry by Account & Employee  
 Sponsor and Title Management  
 Account Status Management  
 Terminate, Class Change And Reinstate With Or Without Downline  
 First Level Change Inquiry  
 Web Profile Management  
 Graphical Genealogy  
 Tree View Genealogy  
 Performance [\*\*\*]  
 [\*\*\*]  
 Viewing the Distributor view of the [\*\*\*] page within the Employee Portal.

**Sales Order Management:**

**Order Entry**  
 Product 'fast entry' and 'browse' options in Employee and Distributor Portals  
 Browse / Add to Cart in PWS  
 Support for pending orders

**Multiple Order Types**  
 Distributor, Customer, Preferred Customer  
 Redemption  
 Autoship  
 Event/Party

[\*\*\*] Confidential portions of this document denoted by [\*\*\*] have been redacted and filed separately with the Securities and Exchange Commission

### **Inventory Setup**

Define SKU information  
Warehouse location  
Stock Master (assign inventory to warehouses, define starting quantities)  
Optionally, track Starting Qty, Reserved Qty, Available Qty in j6  
Optionally, import quantities from 3rd party WMS (requires integration)

### **Product Information Setup**

Single product assigned to one or more countries  
Optionally, separate products per country  
Support for Individual, Pack, and Service type products  
Support for multiple price types ([\*\*\*)  
Support for multiple volumes ([\*\*\*)  
Support for Cart Views and Product Content (browsing)  
Support for Product Categories (browsing)

### **Database & Change Auditing**

### **Systems Integration Tool Kit (API & Web Services Suite)**

### **Communication Module**

Message Trigger Setup  
Allows users to create Triggers from the [\*\*\*) and [\*\*\*) flows such as [\*\*\*) and [\*\*\*)  
Users can identify method of delivery ([\*\*\*) and/or [\*\*\*)  
Supports Templates for [\*\*\*) and [\*\*\*)  
Email Templates requires integration with SMTP email Server provided by Customer  
SMS Templates uses associated carrier email address  
Web Alerts are viewed in the j6 Distributor Portal Web Alerts are viewed in the j6 Distributor Portal which requires a separate Software License purchase.

### **Administration**

Audit Inquiry  
Genealogy Viewer Filter and Highlight Management  
Menu Administration  
Content Resource Management for Language Translation Administration

### **j6 Distributor Portal - v7.5 or greater**

#### **Major Standard Features Include:**

[\*\*\*) Performance Success Tracker  
Business Alerts & Tasks  
Graphical Genealogy  
Highlights & Filters  
Save to List  
Export to Excel  
Tree View Genealogy Query  
Additional Downline Reports  
Group Status Report  
Full Genealogy Report  
Commission Earnings Report  
With drill down into detail  
Downline Earnings Report  
My Profile Manager  
Account Information  
Banking (ACH) Account Management  
Web Profile  
Theme select  
URL Select  
My Story  
My Image  
Online Enrollment  
Supports [\*\*\*) Enrollment process  
Customer  
Preferred Customer  
Distributor  
Other  
Performance Dashboard  
Distributor Order Entry  
Customer Orders  
Supply Orders  
Redemption/Loyalty/Reward orders  
Sales Order Incentives  
Autoship Orders  
PCI Compliant

[\*\*\*) Confidential portions of this document denoted by [\*\*\*) have been redacted and filed separately with the Securities and Exchange Commission

- Event Orders
  - Hostess Management
  - Guest List Manager
  - Invitations & Reminders
  - Updated by Hostess Portal
  - Hostess reward calculation and validation against hostess reward rules
- Email Blaster and List Builder

**j6 Personal Website - v7.5 or greater**

*Major Standard Features Include:*

- Multi - Theme Support
  - Provide themes based on Product Ranges, Opportunity, Party/Hostess, etc.
- Multi - Language Support
- Multi - Country & Currency Support
- Retail Shopping Cart
  - Retail Sales Order Incentives
  - Product Browsing and Details
  - PCI Compliant
- Retail Account Login
  - Account Profile Management
  - Order Status and History
  - Autoship Order Setup & Management
  - Redeem Loyalty Rewards
  - Upcoming Events (Hostess Portal)
- Online Enrollment with Kit Order
  - Distributor, Retail and Preferred Customer Enrollment
  - Add Product to Kit Order
- Hostess Portal
  - Guest List Manager
  - Invitations & Reminders
  - Guest RSVP Updates (from invitations)
  - Non-attending Guest Orders (e-Order) added to Event/Party totals
  - Hostess Coaching Content
- Content Management Tool
- Menu Administration Tool
- Manage menu and Page Content Type

---

**Software License Fee Total** **\$[\*\*\*].00**

**Payment Terms**

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\$[\*\*\*].00 due upon execution of Software License Agreement.

\$[\*\*\*].00 due upon initial installation of the standard Licensed Software at Jenkon's hosting facility or at a location designated by LifeVantage under the terms of this Agreement, whichever is sooner.

\$[\*\*\*].00 due [\*\*\*] days after installation of the standard j6 software

[\*\*\*] Confidential portions of this document denoted by [\*\*\*] have been redacted and filed separately with the Securities and Exchange Commission

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## APPENDIX B

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### Confidentiality Agreement

1. **Definition.** For the purposes of this Agreement, "Confidential Information" means proprietary information belonging to either Party, including systems, technology, processes, project descriptions, specifications, drawings, business plans, sales & marketing information, prices, technical data, trade secrets, pending trademark and patent applications, computer software, training curriculum, current and prospective clients and customers and financial and accounting information, the source code for the Licensed Software, documentation, technical specifications or information regarding the Licensed Software and any object code, data, fonts and/or technology, financial terms or information communicated by either Party to the other in furtherance of this Agreement not generally known to the public.
2. **Identification of Confidential Information.** Neither Party shall have an obligation to specifically identify any information as to which the protection of this Agreement is desired by any notice or other action, and each Party agrees that all information described in Section 1 disclosed by the other Party shall be deemed to be Confidential Information covered by this Agreement.
3. **Protection.** Unless written consent is otherwise granted by the disclosing Party, release of, access to, or use of Confidential Information disclosed by either Party shall be restricted to those employees and officers of the receiving Party or their respective affiliates who have a need to know the Confidential Information and only for purposes furthering and consistent with the terms of the Software License Agreement. The Parties shall use the same degree of care to protect the confidentiality of the Confidential Information disclosed to each of them as they use to protect their own Confidential Information and will not disclose or use the Confidential Information other than in conjunction with the terms of the Software License Agreement.
4. **Exceptions.** The obligations imposed under paragraph 3, above, shall not apply to Confidential Information:
  - a. Which becomes generally available to the public through no wrongful act of the receiving Party;
  - b. Which is already lawfully in the possession of the receiving Party and not subject to an existing agreement of confidentiality between the Parties;
  - c. Which is received from a third Party without restriction and without breach of this Agreement or other confidentiality agreement between the third Party and the disclosing Party;
  - d. Which was independently developed by the receiving Party; or
  - e. To the extent necessary to release such Confidential Information in order to comply with applicable law. In the event that the receiving Party is legally requested or required (by oral questions, interrogatories, requests for information and documents, subpoena, or similar process or, in the opinion of counsel for such Party, by other statutes, regulations or laws), to disclose any Confidential Information, the receiving Party shall promptly notify the disclosing Party of such request or requirement so that the disclosing Party will have adequate opportunity to seek an appropriate protective order and monitor compliance with the terms of this Agreement. Failure of either Party to promptly notify the other Party of such request or requirements will constitute a breach of this Agreement.
5. **Limitations.** The original and all copies of all or any part of written Confidential Information that is disclosed under this Agreement shall be returned by the receiving Party upon written request by the disclosing Party. Upon receipt of returned Confidential Information, disclosing Party shall execute an itemized receipt if so requested by the receiving Party.
6. **Obligations.** No disclosure of Confidential Information and no obligation hereunder shall be construed to obligate any of the Parties to enter into any further agreement or negotiation with or make any further disclosure to the other Party hereto.
7. **Remedies.** In the event of a breach of any of the foregoing provisions, the Parties agree that the harm suffered by the injured Party would not be compensable only by monetary damages and, accordingly, that the injured Party shall be entitled to an injunction against such breach in addition to any other available legal or equitable remedies.

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8. **Term.** This Agreement shall terminate upon the termination or expiration of the Software License Agreement being entered into by the Parties concurrently with this Agreement. Notwithstanding the termination of this Agreement, the Parties obligations regarding the confidentiality of disclosed Confidential Information shall continue as set forth in paragraph 3, above.
9. **Entire Agreement.** This Agreement and Section 9 of the Software License Agreement constitutes the entire agreement and understanding between the Parties with respect to confidentiality of the Confidential Information and it supersedes any and all prior or contemporaneous oral or written understandings or agreements relating thereto. No agent, employee or representative of any Party has any authority to bind such Party to any affirmation, representation or warranty; and, unless such is specifically included within this Agreement, it shall not be enforceable by another Party hereto.
10. **Notices.** Any notices required by this Agreement shall be in writing and shall be given by hand or sent by first class mail to the applicable address noted below:
- |  |  |
|--|--|
| LifeVantage Corporation<br>9815 S. Monroe Street, Suite 100<br>Sandy, UT 84070<br><br>Attn: Bob Cutler | JIA, Inc.<br>203 SE Park Plaza Dr, Suite 250<br><br>Vancouver, WA 98684<br>Attn: Accounting Department |
|--|--|
11. **Governing Law.** This Agreement is to be governed by the laws of Washington and the Parties hereby consent to the jurisdiction of the courts sitting in Clark County, Washington to adjudicate all disputes arising hereunder.
12. **Arbitration.** BY AGREEING TO RESOLVE FUTURE DISPUTES IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO LITIGATE IN COURT, INCLUDING THEIR RIGHT TO A JURY TRIAL. Any claim or controversy between or among the Parties shall be resolved by binding arbitration in Vancouver, Washington, in accordance with the applicable arbitration rules of the American Arbitration Association. The arbitrator(s) shall award recovery of all attorneys' fees and costs, arbitration administration fees and costs, and arbitrator(s)' fees. Judgment on the arbitrator(s)' award may be entered in any court having jurisdiction thereof. This Section does not limit the right of any Party to exercise the remedies provided in Section 7.
13. **Authority.** Each individual signing this Agreement warrants that he or she is authorized to, and by his or her signature does intend to, bind the entity or person for which he or she purports to act.

	<b><i>JIA, Inc.</i></b>	<b><i>LifeVantage Corporation</i></b>
<b>Accepted by:</b>		
<b>Name : (Please Print)</b>	J. Robert Cavitt	Douglas C. Robinson
<b>Name : (Signature)</b>	/s/ J. Robert Cavitt	/s/ Douglas C. Robinson
<b>Title:</b>	President & CEO	President & CEO
<b>Date:</b>	October 1, 2012	September 28, 2012

\*\*\* Confidential portions of this document denoted by \*\*\* have been redacted and filed separately with the Securities and Exchange Commission

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

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: May 9, 2013

*/s/ Douglas C. Robinson*

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

## CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David S. Colbert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LifeVantage Corporation;
2. I have reviewed this quarterly report on Form 10-Q of LifeVantage Corporation;
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: May 9, 2013

*/s/ David S. Colbert*

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David S. Colbert  
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 March 31, 2013, with the Securities and Exchange Commission on the date hereof (the "report"), I, Douglas C. Robinson, Principal 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: May 9, 2013

*/s/ Douglas C. Robinson*

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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 March 31, 2013, with the Securities and Exchange Commission on the date hereof (the "report"), I, David S. Colbert, Principal 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: May 9, 2013

*/s/ David S. Colbert*

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David S. Colbert

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.