DEUTSCHE BANK AKTIENGESELLSCHAFT
Form 424B2
August 08, 2017

Pricing Supplement
To underlying supplement No. 1 dated August 17, 2015, product supplement B dated July 31, 2015, prospectus supplement dated July 31, 2015 and prospectus dated April 27, 2016

Pricing Supplement No. 2881B
Registration Statement No. 333–206013
Rule 424(b)(2)

Structured Investments **Deutsche Bank AG**

$1,350,000 Annual Review Notes Linked to the EURO STOXX 50® Index due August 7, 2019

General

- The notes are designed for investors who seek early exit prior to maturity at a premium based on the performance of the EURO STOXX 50® Index (the "**Underlying**"). The notes will be automatically called if, on any of the annual Review Dates, the closing level of the Underlying (in the case of the first Review Date) or the Final Level (in the case of the final Review Date) is greater than or equal to the Initial Level. If the notes are automatically called, investors will receive on the applicable Call Settlement Date a return on the notes equal to the applicable call premium. The notes will cease to be outstanding following an automatic call and no further payments will be made following the Call Settlement Date.

- If the notes are not automatically called and the Final Level is greater than or equal to the Trigger Level (equal to 68.36% of the Initial Level), for each $1,000 Face Amount of notes, investors will receive at maturity the Face Amount. However, if the notes are not automatically called and the Final Level is less than the Trigger Level, for each $1,000 Face Amount of notes, investors will lose 1.00% of the Face Amount for every 1.00% by which the Final Level is less than the Initial Level. The notes do not pay any coupons or dividends and investors should be willing to lose a significant portion or all of their investment if the notes are not automatically called and the Final Level is less than the Trigger Level. Any payment on the notes is subject to the credit of the Issuer.

- The first Review Date, and therefore the earliest date on which an Automatic Call may be initiated, is August 17, 2018.

- Senior unsecured obligations of Deutsche Bank AG due August 7, 2019

- Minimum purchase of $10,000. Minimum denominations of $1,000 (the "**Face Amount**") and integral multiples thereof.

- The notes priced on August 4, 2017 (the "**Trade Date**") and are expected to settle on August 9, 2017 (the "**Settlement Date**").

Key Terms

Issuer:	Deutsche Bank AG, London Branch
Issue Price:	100% of the Face Amount
Underlying:	EURO STOXX 50® Index (Ticker: SX5E)
Automatic Call:	The notes will be automatically called by the Issuer if, on any of the annual Review Dates, the closing level of the Underlying (in the case of the first Review Date) or the Final Level (in the case of the final Review Date) is greater than or equal to the Initial Level.

(*Key Terms continued on next page*)

Investing in the notes involves a number of risks. See "Risk Factors" beginning on page 7 of the accompanying product supplement, page PS–5 of the accompanying prospectus supplement and page 13 of the accompanying prospectus and "Selected Risk Considerations" beginning on page 8 of this pricing supplement.

The Issuer's estimated value of the notes on the Trade Date is $977.50 per $1,000 Face Amount of notes, which is less than the Issue Price. Please see "Issuer's Estimated Value of the Notes" on page 3 of this pricing supplement for additional information.

By acquiring the notes, you will be bound by and deemed irrevocably to consent to the imposition of any Resolution Measure (as defined below) by the competent resolution authority, which may include the write down of all, or a portion, of any payment on the notes or the conversion of the notes into ordinary shares or other instruments of ownership. If any Resolution Measure becomes applicable to us, you may lose some or all of your investment in the notes. Please see "Resolution Measures and Deemed Agreement" on page 4 of this pricing supplement for more information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the accuracy or the adequacy of this pricing supplement or the accompanying underlying supplement, product supplement, prospectus supplement or prospectus. Any representation to the contrary is a criminal offense.

	Price to Public	**Fees**[1]	**Proceeds to Issuer**
Per Note	$1,000.00	$15.00	$985.00
Total	$1,350,000.00	$20,250.00	$1,329,750.00

[1] JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC, which we refer to as JPMS LLC, or one of its affiliates will act as placement agents for the notes. The placement agents will receive a fee from the Issuer of $15.00 per $1,000 Face Amount of notes. Please see "Supplemental Plan of Distribution" in this pricing supplement for more information about fees.

The notes are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other U.S. or foreign governmental agency or instrumentality.

JPMorgan

Placement Agent

August 4, 2017

(*Key Terms continued from previous page*)

Payment upon an Automatic Call:	If the notes are automatically called, you will receive a cash payment per $1,000 Face Amount of notes on the related Call Settlement Date equal to the Face Amount *plus* the product of the Face Amount and the applicable call premium. The notes will cease to be outstanding following an Automatic Call and no further payments will be made following the Call Settlement Date. The Review Dates, Call Settlement Dates, call premiums and the payment due upon an Automatic Call applicable to each Review Date are set forth in the table below.

Review Date	**Call Settlement Date**	**Call Premium**	**Payment upon an Automatic Call (per $1,000 Face Amount of notes)**
August 17, 2018	August 22, 2018	8.00%	$1,080.00
August 2, 2019 (*final Averaging Date*)	August 7, 2019 (*Maturity Date*)	16.00%	$1,160.00

Review Dates[1]:	Annually, on the dates set forth in the table under "Payment upon an Automatic Call" above
Call Settlement Date[1]:	As set forth in the table under "Payment upon an Automatic Call" above
Payment at Maturity:	If the notes are not automatically called, you will receive a cash payment at maturity that will depend on the performance of the Underlying on the Averaging Dates:

· **If the Final Level is *greater than* or *equal to* the Trigger Level**, you will receive a cash payment at maturity per $1,000 Face Amount of notes equal to the Face Amount.

· **If the Final Level is *less than* the Trigger Level**, you will receive a cash payment at maturity per $1,000 Face Amount of notes calculated as follows:

$1,000 + ($1,000 x Underlying Return)

If the notes are not automatically called and the Final Level is less than the Trigger Level, you will be fully exposed to the negative Underlying Return and, for each $1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% by which the Final Level is less than the Initial Level. In this circumstance, you will lose a significant portion or all of your investment at maturity. Any payment

at maturity is subject to the credit of the Issuer.

Trigger Level:	2,397.67, equal to 68.36% of the Initial Level
Underlying Return:	The performance of the Underlying from the Initial Level to the Final Level, calculated as follows:
	$\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$
	If the notes have not been automatically called, the Underlying Return will be negative.
Initial Level:	3,507.41, equal to the closing level of the Underlying on the Trade Date
Final Level:	The arithmetic average of the closing levels of the Underlying on each of the five Averaging Dates
Trade Date:	August 4, 2017
Settlement Date:	August 9, 2017
Averaging Dates[1]:	July 29, 2019, July 30, 2019, July 31, 2019, August 1, 2019 and August 2, 2019
Maturity Date[1]:	August 7, 2019
Listing:	The notes will not be listed on any securities exchange.
CUSIP / ISIN:	25155MCT6 / US25155MCT62

[1] Subject to adjustment as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” in the accompanying product supplement. If a Review Date is postponed, the related Call Settlement Date will be postponed accordingly as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” in the accompanying product supplement.

Issuer's Estimated Value of the Notes

The Issuer's estimated value of the notes is equal to the sum of our valuations of the following two components of the notes: (i) a bond and (ii) an embedded derivative(s). The value of the bond component of the notes is calculated based on the present value of the stream of cash payments associated with a conventional bond with a principal amount equal to the Face Amount of notes, discounted at an internal funding rate, which is determined primarily based on our market-based yield curve, adjusted to account for our funding needs and objectives for the period matching the term of the notes. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the notes, reduces the economic terms of the notes to you and is expected to adversely affect the price at which you may be able to sell the notes in any secondary market. The value of the embedded derivative(s) is calculated based on our internal pricing models using relevant parameter inputs such as expected interest and dividend rates and mid-market levels of price and volatility of the assets underlying the notes or any futures, options or swaps related to such underlying assets. Our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect.

The Issuer's estimated value of the notes on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the notes. The difference between the Issue Price and the Issuer's estimated value of the notes on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the notes through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge.

The Issuer's estimated value of the notes on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your notes in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the notes from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the notes on the Trade Date. Our purchase price, if any, in secondary market transactions will be based on the estimated value of the notes determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the notes and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our notes for use on customer account statements would generally be determined on the same basis. However, during the period of approximately six months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the notes on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

Resolution Measures and Deemed Agreement

On May 15, 2014, the European Parliament and the Council of the European Union adopted a directive establishing a framework for the recovery and resolution of credit institutions and investment firms (commonly referred to as the "**Bank Recovery and Resolution Directive**"). The Bank Recovery and Resolution Directive required each member state of the European Union to adopt and publish by December 31, 2014 the laws, regulations and administrative provisions necessary to comply with the Bank Recovery and Resolution Directive. Germany adopted the Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*, or the "**Resolution Act**"), which became effective on January 1, 2015. The Bank Recovery and Resolution Directive and the Resolution Act provided national resolution authorities with a set of resolution powers to intervene in the event that a bank is failing or likely to fail and certain other conditions are met. From January 1, 2016, the power to initiate resolution measures applicable to significant banking groups (such as Deutsche Bank Group) in the European Banking Union has been transferred to the European Single Resolution Board which, based on the European Union regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the "**SRM Regulation**"), works in close cooperation with the European Central Bank, the European Commission and the national resolution authorities. Pursuant to the SRM Regulation, the Resolution Act and other applicable rules and regulations, the notes may be subject to any Resolution Measure by the competent resolution authority if we become, or are deemed by the competent supervisory authority to have become, "non-viable" (as defined under the then applicable law) and are unable to continue our regulated banking activities without a Resolution Measure becoming applicable to us. By acquiring the notes, you will be bound by and deemed irrevocably to consent to the provisions set forth in the accompanying prospectus, which we have summarized below.

By acquiring the notes, you will be bound by and deemed irrevocably to consent to the imposition of any Resolution Measure by the competent resolution authority. Under the relevant resolution laws and regulations as applicable to us from time to time, the notes may be subject to the powers exercised by the competent resolution authority to: (i) write down, including to zero, any payment (or delivery obligations) on the notes; (ii) convert the notes into ordinary shares of (a) the Issuer, (b) any group entity or (c) any bridge bank or other instruments of ownership of such entities qualifying as common equity tier 1 capital; and/or (iii) apply any other resolution measure including, but not limited to, any transfer of the notes to another entity, the amendment, modification or variation of the terms and conditions of the notes or the cancellation of the notes. We refer to each of these measures as a "**Resolution Measure**." A "group entity" refers to an entity that is included in the corporate group subject to a Resolution Measure. A "bridge bank" refers to a newly chartered German bank that would receive some or all of our assets, liabilities and material contracts, including those attributable to our branches and subsidiaries, in a resolution proceeding.

Furthermore, by acquiring the notes, you:

- are deemed irrevocably to have agreed, and you will agree: (i) to be bound by, to acknowledge and to accept any Resolution Measure and any amendment, modification or variation of the terms and conditions of the notes to give effect to any Resolution Measure; (ii) that you will have no claim or other right against us arising out of any Resolution Measure; and (iii) that the imposition of any Resolution Measure will not constitute a default or an event of default under the notes, under the senior indenture dated November 22, 2006 among us, Law Debenture Trust

Company of New York, as trustee, and Deutsche Bank Trust Company Americas, as issuing agent, paying agent, authenticating agent and registrar, as amended and supplemented from time to time (the "**Indenture**"), or for the purposes of, but only to the fullest extent permitted by, the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**");

- waive, to the fullest extent permitted by the Trust Indenture Act and applicable law, any and all claims against the trustee and the paying agent , the issuing agent and the registrar (each, an "**indenture agent**") for, agree not to initiate a suit against the trustee or the indenture agents in respect of, and agree that the trustee and the indenture agents will not be liable for, any action that the trustee or the indenture agents take, or abstain from taking, in either case in accordance with the imposition of a Resolution Measure by the competent resolution authority with respect to the notes; and

- will be deemed irrevocably to have: (i) consented to the imposition of any Resolution Measure as it may be imposed without any prior notice by the competent resolution authority of its decision to exercise such power with respect to the notes; (ii) authorized, directed and requested The Depository Trust Company ("**DTC**") and any direct participant in DTC or other intermediary through which you hold such notes to take any and all necessary action, if required, to implement the imposition of any Resolution Measure with respect to the notes as it may be imposed, without any further action or direction on your part or on the part of the trustee or the indenture agents; and (iii) acknowledged and accepted that the Resolution Measure provisions described herein and in the "Resolution Measures" section of the accompanying prospectus are exhaustive on the matters described herein and therein to the exclusion of any other agreements, arrangements or understandings between you and the Issuer relating to the terms and conditions of the notes.

This is only a summary, for more information please see the accompanying prospectus dated April 27, 2016, including the risk factors beginning on page 13 of such prospectus.

Additional Terms Specific to the Notes

You should read this pricing supplement together with underlying supplement No. 1 dated August 17, 2015, product supplement B dated July 31, 2015, the prospectus supplement dated July 31, 2015 relating to our Series A global notes of which these notes are a part and the prospectus dated April 27, 2016. Delaware Trust Company, which acquired the corporate trust business of Law Debenture Trust Company of New York, is the successor trustee of the notes. When you read the accompanying underlying supplement, product supplement and prospectus supplement, please note that all references in such supplements to the prospectus dated July 31, 2015, or to any sections therein, should refer instead to the accompanying prospectus dated April 27, 2016 or to the corresponding sections of such prospectus, as applicable, unless otherwise specified or the context otherwise requires. You may access these documents on the website of the Securities and Exchange Commission (the "**SEC**") at.www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

· Underlying supplement No. 1 dated August 17, 2015:

http://www.sec.gov/Archives/edgar/data/1159508/000095010315006546/crt_dp58829-424b2.pdf

· Product supplement B dated July 31, 2015:

http://www.sec.gov/Archives/edgar/data/1159508/000095010315006059/crt_dp58181-424b2.pdf

· Prospectus supplement dated July 31, 2015:

http://www.sec.gov/Archives/edgar/data/1159508/000095010315006048/crt-dp58161_424b2.pdf

· Prospectus dated April 27, 2016:

https://www.sec.gov/Archives/edgar/data/1159508/000119312516559607/d181910d424b21.pdf

Our Central Index Key, or CIK, on the SEC website is 0001159508. As used in this pricing supplement, "**we**," "**us**" or "**our**" refers to Deutsche Bank AG, including, as the context requires, acting through one of its branches.

This pricing supplement, together with the documents listed above, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or

indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in this pricing supplement and in “Risk Factors” in the accompanying product supplement, prospectus supplement and prospectus, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before deciding to invest in the notes.

You may revoke your offer to purchase the notes at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the notes prior to their issuance. We will notify you in the event of any changes to the terms of the notes and you will be asked to accept such changes in connection with your purchase of any notes. You may choose to reject such changes, in which case we may reject your offer to purchase the notes.

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Hypothetical Examples

The following table illustrates the *hypothetical* payments on the notes upon an Automatic Call or at maturity. The table below reflects the following terms:

Trigger Level*: 68.36% of the Initial Level

Call premiums: 8.00% and 16.00% for the first and the final Review Dates, respectively

* The actual Initial Level and Trigger Level are set forth on the cover of this pricing supplement.

There will be only one payment on the notes, either at maturity or, due to an Automatic Call, on a Call Settlement Date. An entry of "N/A" in the table below indicates that the notes would not be called on the applicable Review Date and no payment would be made on the corresponding Call Settlement Date. The hypothetical returns set forth below are for illustrative purposes only. The actual return will be based on the closing level of the Underlying on the first Review Date and the Final Level on the final Review Date. The numbers appearing in the table and the examples below may have been rounded for ease of analysis. You should consider carefully whether the notes are suitable to your investment goals.

***Hypothetical* Appreciation / Depreciation of the Underlying on Each Review Date (%)**	***Hypothetical* Return on First Review Date (%)***	***Hypothetical* Return on Final Review Date (%)***
100.00%	8.00%	16.00%
90.00%	8.00%	16.00%
80.00%	8.00%	16.00%
70.00%	8.00%	16.00%
60.00%	8.00%	16.00%
50.00%	8.00%	16.00%
40.00%	8.00%	16.00%
30.00%	8.00%	16.00%
20.00%	8.00%	16.00%
10.00%	8.00%	16.00%
0.00%	**8.00%**	**16.00%**
-5.00%	N/A	0.00%
-10.00%	N/A	0.00%
-20.00%	N/A	0.00%
-30.00%	N/A	0.00%
-31.64%	**N/A**	**0.00%**
-32.00%	N/A	-32.00%
-40.00%	N/A	-40.00%
-50.00%	N/A	-50.00%

-60.00%	N/A	-60.00%
-70.00%	N/A	-70.00%
-80.00%	N/A	-80.00%
-90.00%	N/A	-90.00%
-100.00%	N/A	-100.00%

* If the notes are automatically called, payable on the corresponding Call Settlement Date. If the notes are not automatically called, payable on the Maturity Date.

Hypothetical Examples of Amounts Payable on the Notes

The following hypothetical examples illustrate how the returns set forth in the table above are calculated.

Example 1: The closing level of the Underlying is 150.00% of the Initial Level on the first Review Date. Because the closing level of the Underlying on the first Review Date is greater than the Initial Level, the notes are automatically called on the first Review Date. The investor will receive a single cash payment of $1,080.00 per $1,000 Face Amount of notes on the corresponding Call Settlement Date despite the significant increase of the closing level of the Underlying on the first Review Date from the Initial Level. There will be no further payments on the notes.

Example 2: The closing level of the Underlying is 95.00% of the Initial Level on the first Review Date and the Final Level is 150.00% of the Initial Level on the final Review Date. Because the closing level of the Underlying on the first Review Date is less than the Initial Level, the notes are not automatically called on the first Review Date. Because the Final Level is greater than the Initial Level on the final Review Date, the notes are automatically called on the final Review Date. The investor will receive a single cash payment of $1,160.00 per $1,000 Face Amount of notes on the corresponding Call Settlement Date despite the significant increase of the Final Level from the Initial Level. There will be no further payments on the notes.

Example 3: The closing level of the Underlying is 95.00% of the Initial Level on the first Review Date and the Final Level is 80.00% of the Initial Level on the final Review Date, resulting in an Underlying Return of -20.00%. Because the closing level of the Underlying on the first Review Date and the Final Level on the final Review Date are less than the Initial Level, the notes are not automatically called. Because the Final Level is greater than the Trigger Level (68.36% of the Initial Level), the investor will receive a single cash payment of $1,000.00 per $1,000 Face Amount of notes on the Maturity Date.

Example 4: The closing level of the Underlying is 95.00% of the Initial Level on the first Review Date and the Final Level is 50.00% of the Initial Level on the final Review Date, resulting in an Underlying Return of -50.00%. Because the closing level of the Underlying on the first Review Date and the Final Level on the final Review Date are less than the Initial Level, the notes are not automatically called. Because the Final Level is less than the Trigger Level, the investor will receive a single cash payment of $500.00 per $1,000 Face Amount of notes on the Maturity Date, calculated as follows:

$1,000 + ($1,000 x Underlying Return)

$1,000 + ($1,000 x -50.00%) = $500.00

Selected Purchase Considerations

- **STEP-UP APPRECIATION POTENTIAL IF THE NOTES ARE AUTOMATICALLY CALLED** — If the closing level of the Underlying on the first Review Date or the Final Level on the final Review Date is greater than or equal to the Initial Level, the notes will be automatically called and you will receive a return on the notes equal to the call premium applicable to such Review Date. The call premiums applicable to the first and the final Review Dates are 8.00% and 16.00%, respectively. **Any payment on the notes is subject to our ability to satisfy our obligations as they become due.**

- **LIMITED PROTECTION AGAINST LOSS** — If the notes are not automatically called and the Final Level is greater than or equal to the Trigger Level, for each $1,000 Face Amount of notes, you will receive the Face Amount at maturity. However, if the Final Level is less than the Trigger Level, you will be fully exposed to the negative

Underlying Return and, for each $1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% by which the Final Level is less than the Initial Level. In this circumstance, you will lose a significant portion or all of your investment in the notes.

- **POTENTIAL EARLY EXIT WITH APPRECIATION AS A RESULT OF THE AUTOMATIC CALL FEATURE** — While the original term of the notes is approximately two years, the notes will be automatically called before maturity if the closing level of the Underlying on the first Review Date is greater than or equal to the Initial Level, and you will receive the applicable payment corresponding to that Review Date, as set forth on the cover of this pricing supplement.

- **RETURN LINKED TO THE PERFORMANCE OF THE EURO STOXX 50® INDEX** — The return on the notes, which may be positive, zero or negative, is linked to the performance of the EURO STOXX 50® Index as described herein. The EURO STOXX 50® Index is composed of the stocks of 50 major companies in the Eurozone. These companies include market sector leaders from within the 19 EURO STOXX® Supersector indices, which represent the Eurozone portion of the STOXX Europe 600® Supersector indices. The STOXX Europe 600® Supersector indices contain the 600 largest stocks traded on the major exchanges of 18 European countries. *This is only a summary of the EURO STOXX 50® Index. For more information on the EURO STOXX 50® Index, including information concerning its composition, calculation methodology and adjustment policy, please see the section entitled "The STOXX Indices — The EURO STOXX 50® Index" in the accompanying underlying supplement No. 1 dated August 17, 2015.*

- **TAX CONSEQUENCES** — In the opinion of our special tax counsel, Davis Polk & Wardwell LLP, which is based on prevailing market conditions, it is more likely than not that the notes will be treated for U.S. federal income tax purposes as prepaid financial contracts that are not debt. Generally, if this treatment is respected, (i) you should not recognize taxable income or loss prior to the maturity or other taxable disposition of your notes and (ii) the gain or loss on your notes should be capital gain or loss and should be long-term capital gain or loss if you have held the notes for more than one year. The Internal Revenue Service (the "**IRS**") or a court might not agree with this treatment, however, in which case the timing and character of income or loss on your notes could be materially and adversely affected.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. The notice focuses in particular on whether beneficial owners of these instruments should be required to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. persons should be subject to withholding tax; and whether these instruments are or should be subject to the "constructive ownership" regime, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose a notional interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect.

Withholding under legislation commonly referred to as "FATCA" might (if the notes were recharacterized as debt instruments) apply to amounts treated as interest paid with respect to the notes, as well as to payments of gross proceeds of a taxable disposition, including upon an automatic call or at maturity, of a note. However, under a recent IRS notice, this regime will not apply to payments of gross proceeds (other than any amount treated as interest) with respect to dispositions occurring before January 1, 2019. You should consult your tax adviser regarding the potential application of FATCA to the notes.

Section 871(m) of the Code and Treasury regulations promulgated thereunder ("**Section 871(m)**") generally impose a 30% withholding tax (unless an income tax treaty applies) on dividend equivalents paid or deemed paid to non-U.S. holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities. Section 871(m) provides certain exceptions to this withholding regime, including for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations (such an index, a "**Qualified Index**"). Additionally, the applicable regulations exclude from the scope of Section 871(m) instruments issued in 2017 that do not have a delta of one with respect to underlying securities that could pay U.S.-source dividends for U.S. federal income tax purposes (each an "**Underlying Security**"). Based on certain determinations made by us, our special tax counsel is of the opinion that Section 871(m) should not apply to the notes with regard to non-U.S. holders. Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. You should consult your tax adviser regarding the potential application of Section 871(m) to the notes.

You should review carefully the section of the accompanying product supplement entitled "U.S. Federal Income Tax Consequences." The preceding discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel regarding the material U.S. federal income tax consequences of owning and disposing of the notes.

Under current law, the United Kingdom will not impose withholding tax on payments made with respect to the notes.

For a discussion of certain German tax considerations relating to the notes, you should refer to the section in the accompanying prospectus supplement entitled "Taxation by Germany of Non-Resident Holders."

You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the notes (including possible alternative treatments and the issues presented by the 2007 notice), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the stocks composing the Underlying. In addition to these selected risk considerations, you should review the "Risk Factors" sections of the accompanying product supplement, prospectus supplement and prospectus.

- **YOUR INVESTMENT IN THE NOTES MAY RESULT IN A LOSS** — The notes do not guarantee any return of your investment. The return on the notes at maturity is linked to the performance of the Underlying and will depend on whether the notes are automatically called and whether the Final Level is less than the Trigger Level, as applicable. If the notes are not automatically called and the Final Level is less than the Trigger Level, you will be fully exposed to the negative Underlying Return and, for each $1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% by which the Final Level is less than the Initial Level. In this circumstance, you will lose a significant portion or all of your investment at maturity. **Any payment on the notes is subject to our ability to satisfy our obligations as they**

become due.

- **YOUR MAXIMUM GAIN ON THE NOTES IS LIMITED TO THE APPLICABLE CALL PREMIUM** — If the closing level of the Underlying on the first Review Date or the Final Level on the final Review Date is greater than or equal to the Initial Level, the notes will be automatically called and you will receive on the applicable Call Settlement Date a payment per $1,000 Face Amount of notes equal to the Face Amount *plus* the product of the Face Amount and the applicable call premium, regardless of the increase in the level of the Underlying, which may be significant. The call premiums applicable to the first and the final Review Dates are 8.00% and 16.00%, respectively. Accordingly, the maximum return on the notes will be limited to the call premium of 16.00% for the final Review Date. The level of the Underlying at various times during the term of the notes could be higher than the closing levels of the Underlying on the annual Review Dates and/or the Averaging Dates. Because the call premiums are fixed amounts, you may receive a lower payment upon an Automatic Call or at maturity than you would if you had invested directly in the Underlying.

- **REINVESTMENT RISK** — If the notes are automatically called, the term of the notes may be reduced to as short as approximately one year. There is no guarantee that you would be able to reinvest the proceeds from an investment in the notes at a comparable return for a similar level of risk in the event the notes are automatically called prior to the Maturity Date.

- **HIGHER CALL PREMIUMS OR A LOWER TRIGGER LEVEL MAY REFLECT A GREATER EXPECTED VOLATILITY OF THE UNDERLYING, WHICH IS GENERALLY ASSOCIATED WITH A GREATER RISK OF LOSS** — Volatility is a measure of the degree of variation in the trading prices of an asset over a period of time. The greater the expected volatility at the time the terms of the notes are set on the Trade Date, the greater the expectation is at that time that the Underlying may close below its Trigger Level on the Averaging Dates (resulting in a loss of a significant portion or all of your initial investment). In addition, the economic terms of the notes, including the Trigger Level and the call premiums, are based, in part, on the expected volatility of the Underlying at the time the terms of the notes are set on the Trade Date, where higher expected volatility will generally lead to higher call premiums or a lower Trigger Level. Accordingly, higher call premiums as compared with the expected return on our conventional fixed income notes with a similar maturity or the expected return on our other similarly structured notes will generally indicate a greater risk of loss, while a lower Trigger Level as compared with otherwise comparable securities does not necessarily indicate that the notes have a greater likelihood of returning your investment at maturity. You should be willing to accept the downside market risk of the Underlying and the potential loss of a significant portion or all of your initial investment at maturity.

- **THE NOTES DO NOT PAY ANY COUPONS** — Unlike ordinary debt securities, the notes do not pay any coupons and do not guarantee any return of your investment at maturity.

- **THE NOTES ARE SUBJECT TO THE CREDIT OF DEUTSCHE BANK AG** — The notes are senior unsecured obligations of Deutsche Bank AG and are not, either directly or indirectly, an obligation of any third party. Any payment(s) to be made on the notes depends on the ability of Deutsche Bank AG to satisfy its obligations as they become due. An actual or anticipated downgrade in Deutsche Bank AG's credit rating or increase in the credit spreads charged by the market for taking Deutsche Bank AG's credit risk will likely have an adverse effect on the value of the notes. As a result, the actual and perceived creditworthiness of Deutsche Bank AG will affect the value of the notes

and, in the event Deutsche Bank AG were to default on its obligations or become subject to a Resolution Measure, you might not receive any amount(s) owed to you under the terms of the notes and you could lose your entire investment.

- **THE NOTES MAY BE WRITTEN DOWN**, **BE CONVERTED INTO ORDINARY SHARES OR OTHER INSTRUMENTS OF OWNERSHIP OR BECOME SUBJECT TO OTHER RESOLUTION MEASURES**. **YOU MAY LOSE SOME OR ALL OF YOUR INVESTMENT IF ANY SUCH MEASURE BECOMES APPLICABLE TO US** — Pursuant to the SRM Regulation, the Resolution Act and other applicable rules and regulations described above under "Resolution Measures and Deemed Agreement," the notes are subject to the powers exercised by the competent resolution authority to impose Resolution Measures on us, which may include: writing down, including to zero, any claim for payment on the notes; converting the notes into ordinary shares of (i) the Issuer, (ii) any group entity or (iii) any bridge bank or other instruments of ownership of such entities qualifying as common equity tier 1 capital; or applying any other resolution measure including, but not limited to, transferring the notes to another entity, amending, modifying or varying the terms and conditions of the notes or cancelling the notes. The competent resolution authority may apply Resolution Measures individually or in any combination.

The German law on the mechanism for the resolution of banks of November 2, 2015 (*Abwicklungsmechanismusgesetz*, or the "**Resolution Mechanism Act**") provides that, in a German insolvency proceeding of the Issuer, certain specifically defined senior unsecured debt instruments would rank junior to, without constituting subordinated debt, all other outstanding unsecured unsubordinated obligations of the Issuer and be satisfied only if all such other senior

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unsecured obligations of the Issuer have been paid in full. This prioritization would also be given effect if Resolution Measures are imposed on the Issuer, so that obligations under debt instruments that rank junior in insolvency as described above would be written down or converted into common equity tier 1 instruments *before* any other senior unsecured obligations of the Issuer are written down or converted. A large portion of our liabilities consist of senior unsecured obligations that either fall outside the statutory definition of debt instruments that rank junior to other senior unsecured obligations according to the Resolution Mechanism Act or are expressly exempted from such definition.

Among those unsecured unsubordinated obligations that are expressly exempted are money market instruments and senior unsecured debt instruments whose terms provide that (i) the repayment or the amount of the repayment depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued or is settled in a way other than by monetary payment, or (ii) the payment of interest or the amount of the interest payments depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued unless the payment of interest or the amount of the interest payments solely depends on a fixed or floating reference interest rate and is settled by monetary payment. This order of priority introduced by the Resolution Mechanism Act would apply in German insolvency proceedings instituted, or when Resolution Measures are imposed, on or after January 1, 2017 with effect for debt instruments of the Issuer outstanding at that time. In a German insolvency proceeding or in the event of the imposition of Resolution Measures with respect to the Issuer, the competent regulatory authority or court would determine which of our senior debt securities issued under the prospectus have the terms described in clauses (i) or (ii) above, referred to herein as the “**Structured Debt Securities**,” and which do not, referred to herein as the “**Non-Structured Debt Securities**.” We expect the notes offered herein to be classified as Structured Debt Securities, but the competent regulatory authority or court may classify the notes differently. In a German insolvency proceeding or in the event of the imposition of Resolution Measures with respect to the Issuer, the Structured Debt Securities are expected to be among the unsecured unsubordinated obligations that would bear losses after the Non-Structured Debt Securities as described above. **Nevertheless, you may lose some or all of your investment in the notes if a Resolution Measure becomes applicable to us.** Imposition of a Resolution Measure would likely occur if we become, or are deemed by the competent supervisory authority to have become, “non-viable” (as defined under the then applicable law) and are unable to continue our regulated banking activities without a Resolution Measure becoming applicable to us. The Bank Recovery and Resolution Directive and the Resolution Act are intended to eliminate the need for public support of troubled banks, and you should be aware that public support, if any, would only potentially be used by the competent supervisory authority as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool.

By acquiring the notes, you would have no claim or other right against us arising out of any Resolution Measure and we would have no obligation to make payments under the notes following the imposition of a Resolution Measure. In particular, the imposition of any Resolution Measure will not constitute a default or an event of default under the notes, under the Indenture or for the purposes of, but only to the fullest extent permitted by, the Trust Indenture Act. Furthermore, because the notes are subject to any Resolution Measure, secondary market trading in the notes may not follow the trading behavior associated with similar types of securities issued by other financial institutions which may be or have been subject to a Resolution Measure.

In addition, by your acquisition of the notes, you waive, to the fullest extent permitted by the Trust Indenture Act and applicable law, any and all claims against the trustee and the indenture agents for, agree not to initiate a suit against

the trustee or the indenture agents in respect of, and agree that the trustee and the indenture agents will not be liable for, any action that the trustee or the indenture agents take, or abstain from taking, in either case in accordance with the imposition of a Resolution Measure by the competent resolution authority with respect to the notes. **Accordingly, you may have limited or circumscribed rights to challenge any decision of the competent resolution authority to impose any Resolution Measure.**

- **THE ISSUER'S ESTIMATED VALUE OF THE NOTES ON THE TRADE DATE WILL BE LESS THAN THE ISSUE PRICE OF THE NOTES** — The Issuer's estimated value of the notes on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the notes. The difference between the Issue Price and the Issuer's estimated value of the notes on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the notes through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. The Issuer's estimated value of the notes is determined by reference to an internal funding rate and our pricing models. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This

difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the notes, reduces the economic terms of the notes to you and is expected to adversely affect the price at which you may be able to sell the notes in any secondary market. In addition, our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. If at any time a third party dealer were to quote a price to purchase your notes or otherwise value your notes, that price or value may differ materially from the estimated value of the notes determined by reference to our internal funding rate and pricing models. This difference is due to, among other things, any difference in funding rates, pricing models or assumptions used by any dealer who may purchase the notes in the secondary market.

- **INVESTING IN THE NOTES IS NOT THE SAME AS INVESTING IN THE STOCKS COMPOSING THE UNDERLYING** — The return on the notes may not reflect the return you would have realized if you had directly invested in the stocks composing the Underlying. For instance, your return on the notes will be limited to the call premiums regardless of any increase in the level of the Underlying, which could be significant.

- **IF THE LEVEL OF THE UNDERLYING CHANGES, THE VALUE OF YOUR NOTES MAY NOT CHANGE IN THE SAME MANNER** — Your notes may trade quite differently from the level of the Underlying. Changes in the level of the Underlying may not result in comparable changes in the value of your notes.

- **NO DIVIDEND PAYMENTS OR VOTING RIGHTS** — As a holder of the notes, you will not have any voting rights or rights to receive cash dividends or other distributions or other rights that holders of the stocks composing the Underlying would have.

- **The UNDERLYING Reflects the Price Return of the Stocks Composing the UNDERLYING, Not THEIR Total Return including all dividends and other distributions** — The Underlying reflects the changes in the market prices of the stocks composing the Underlying. The Underlying is not, however, a "total return" index, which, in addition to reflecting those price returns, would also reflect the reinvestment of all dividends and other distributions paid on the stocks composing the Underlying.

- **THERE ARE RISKS ASSOCIATED WITH INVESTMENTS IN NOTES LINKED TO THE VALUES OF EQUITY SECURITIES ISSUED BY NON-U.S. COMPANIES** — The Underlying includes component stocks that are issued by companies incorporated outside of the U.S. Because the component stocks also trade outside the U.S., the notes are subject to the risks associated with non-U.S. securities markets. Generally, non-U.S. securities markets may be less liquid and more volatile than U.S. securities markets and market developments may affect non-U.S. securities markets differently than U.S. securities markets, which may adversely affect the level of the Underlying and the value of your notes. Furthermore, there are risks associated with investments in securities linked to the values of equity securities issued by non-U.S. companies. There is generally less publicly available information about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. In addition, the prices of equity securities issued by non-U.S. companies may be adversely affected by political, economic, financial and social factors that may be unique to the particular countries in which the non-U.S. companies are incorporated. These factors include the possibility of recent or future changes in a non-U.S. government's economic and fiscal policies (including any direct or indirect intervention to stabilize the economy and/or securities market of the country of such non-U.S. government), the

presence, and extent, of cross shareholdings in non-U.S. companies, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. securities and the possibility of fluctuations in the rate of exchange between currencies. Moreover, certain aspects of a particular non-U.S. economy may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency. Specifically, the stocks included in the Underlying are issued by companies located in countries within the Eurozone, some of which are and have been experiencing economic stress.

- **WE ARE ONE OF THE COMPANIES THAT MAKE UP THE UNDERLYING** — We are one of the companies that make up the Underlying. To our knowledge, we are not currently affiliated with any of the other companies the equity securities of which are represented in the Underlying. As a result, we will have no ability to control the actions of such other companies, including actions that could affect the value of the equity securities composing the Underlying or your notes. None of the other companies represented in the Underlying will be involved in the offering of the notes in any way. Neither they nor we will have any obligation to consider your interests as a holder of the notes in taking any corporate actions that might affect the value of your notes.

- **THE PERFORMANCE OF THE UNDERLYING WILL NOT BE ADJUSTED FOR CHANGES IN THE EURO RELATIVE TO THE U.S. DOLLAR** — The Underlying is composed of stocks denominated in euro. Because the level of the Underlying is also calculated in euro (and not in U.S. dollars), the performance of the Underlying will not be adjusted for exchange rate fluctuations between the U.S. dollar and the euro. Therefore, if the euro strengthens or weakens relative to the U.S. dollar over the term of the notes, you will not receive any additional payment or incur any reduction in your return on the notes.

- **THE Sponsor OF The Underlying may adjust The Underlying in ways that affect the level of The Underlying and has NO obligation to consider your interests** — The sponsor of the Underlying (the "**Index Sponsor**") is responsible for calculating and maintaining the Underlying. The Index Sponsor can add, delete or substitute the components of the Underlying or make other methodological changes that could change the level of the Underlying. You should realize that the changing of such Underlying components may affect the Underlying, as a newly added component may perform significantly better or worse than the component it replaces. Additionally, the Index Sponsor may alter, discontinue or suspend calculation or dissemination of the Underlying. Any of these actions could adversely affect the value of, and your return on, the notes. The Index Sponsor has no obligation to consider your interests in calculating or revising the Underlying.

- **PAST PERFORMANCE OF THE UNDERLYING IS NO GUIDE TO FUTURE PERFORMANCE** — The actual performance of the Underlying over the term of the notes may bear little relation to the historical closing levels of the Underlying and/or the hypothetical examples set forth elsewhere in this pricing supplement. We cannot predict the future performance of the Underlying or whether the performance of the Underlying will result in the return of any of your investment.

- **ASSUMING NO CHANGES IN MARKET CONDITIONS AND OTHER RELEVANT FACTORS, THE PRICE YOU MAY RECEIVE FOR YOUR NOTES IN SECONDARY MARKET TRANSACTIONS WOULD GENERALLY BE LOWER THAN BOTH THE ISSUE PRICE AND THE ISSUER'S ESTIMATED VALUE OF THE NOTES ON THE TRADE DATE** — While the payment(s) on the notes described in this pricing supplement is based on the full Face Amount of notes, the Issuer's estimated value of the notes on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the notes. The Issuer's estimated value of the notes on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your notes in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the notes from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the notes on the Trade Date. Our purchase price, if any, in secondary market transactions would be based on the estimated value of the notes determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the notes and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our notes for use on customer account statements would generally be determined on the same basis. However, during the period of approximately six months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the notes on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

In addition to the factors discussed above, the value of the notes and our purchase price in secondary market transactions after the Trade Date, if any, will vary based on many economic and market factors, including our creditworthiness, and cannot be predicted with accuracy. These changes may adversely affect the value of your notes, including the price you may receive in any secondary market transactions. Any sale prior to the Maturity Date could result in a substantial loss to you. The notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your notes to maturity.

- **THE NOTES WILL NOT BE LISTED AND THERE WILL LIKELY BE LIMITED LIQUIDITY** — The notes will not listed on any securities exchange. There may be little or no secondary market for the notes. We or our affiliates intend to act as market makers for the notes but are not required to do so and may cease such market making activities at any time. Even if the a secondary market, it may not provide enough liquidity to allow you to sell the notes when you wish to do so or at a price advantageous to you. Because we do not expect other dealers to make a secondary market for the notes, the price at which you may be able to sell your notes is likely to depend on the price, if any, at which we or our affiliates are willing to buy the notes. at any time, we or our affiliates do not act as market makers, it is likely that there would be little or no secondary market in the notes. If you have to sell your notes prior to maturity, you may not be able to do so or you may have to sell them at a substantialand the number of shares of common stock that the selling stockholder will beneficially own after this offering. Exc as noted below, the selling stockholder does not have, or within the past three years has not had, any material relationship with or any of our predecessors or affiliates and the selling stockholder is not or was not affiliated with registered broker-dealers.

Based on the information provided to us by the selling stockholder, assuming that the selling stockholder sells all of the shares our common stock beneficially owned by it that have been registered by us and does not acquire any additional shares during t offering, the selling stockholder will not own any shares other than those appearing in the column entitled "Beneficial Owners After This Offering." We cannot advise you as to whether the selling stockholder will in fact sell any or all of such shares of common stock. In addition, the selling stockholder may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the shares of our common stock in transactions exempt from the registration requirements of the Securities Act of 1933 after the date on which it provided the information set forth in the table below.

Name	Shares of Common Stock Owned Prior to this Offering	Shares of Common Stock Being Offered	Beneficial Ownershi After This Offering Number of Shares	%
Aspire Capital Fund, LLC (3)	2,000,000 (4)	15,000,000	0	0

* Represents less than 1% of outstanding shares.

(1) Assumes the sale of all shares of common stock registered pursuant to this prospectus, although the selling stockholder is u no obligation known to us to sell any shares of common stock at this time.

(2) Based on 61,690,582 shares of common stock outstanding on April 7, 2014.

(3) Aspire Capital Partners, LLC is the managing member of Aspire Capital Fund, LLC. SGM Holdings Corp. is the managing member of Aspire Capital Partners, LLC. Steven G. Martin is the president and sole shareholder of SGM Holdings Corp. E J. Brown is a principal of Aspire Capital Partners, LLC. Christos Komissopoulos is a principal of Aspire Capital Partners, L

Each may be deemed to have shared voting and investment power over shares owned by Aspire Capital Fund, LLC. Each o Aspire Capital Partners, LLC, SGM Holdings Corp., Mr. Martin, Mr. Brown and Mr. Komissopoulos disclaim beneficial ownership of the shares of common stock held by Aspire Capital Fund, LLC. Aspire Capital is not a licensed broker dealer an affiliate of a licensed broker dealer.

(4) As of the date hereof, 2,000,000 shares of our common stock have been acquired by Aspire Capital under the Purchase Agreement, consisting of shares we issued to Aspire Capital as a commitment fee and the Initial Purchase Shares sold to As Capital. We may elect in our sole discretion to sell to Aspire Capital up to an additional 13,000,000 shares under the Purcha Agreement and included in this prospectus but Aspire Capital does not presently beneficially own those shares as determin accordance with the rules of the SEC.

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Plan of Distribution

The common stock offered by this prospectus is being offered by Aspire Capital, the selling stockholder. The common stock m be sold or distributed from time to time by the selling stockholder directly to one or more purchasers or through brokers, deale or underwriters who may act solely as agents at market prices prevailing at the time of sale, at prices related to the prevailing market prices, at negotiated prices, or at fixed prices, which may be changed. The sale of the common stock offered by this prospectus may be effected in one or more of the following methods:

- ordinary brokers' transactions;
- transactions involving cross or block trades;
- through brokers, dealers, or underwriters who may act solely as agents;
- "at the market" into an existing market for the common stock;
- in other ways not involving market makers or established business markets, including direct sales to purchasers or sales effec through agents;
- in privately negotiated transactions; or
- any combination of the foregoing.

In order to comply with the securities laws of certain states, if applicable, the shares may be sold only through registered or licensed brokers or dealers. In addition, in certain states, the shares may not be sold unless they have been registered or qualifi for sale in the state or an exemption from the registration or qualification requirement is available and complied with.

The selling stockholder may also sell shares of common stock under Rule 144 promulgated under the Securities Act, if availab rather than under this prospectus. In addition, the selling stockholder may transfer the shares of common stock by other means described in this prospectus.

Brokers, dealers, underwriters, or agents participating in the distribution of the shares as agents may receive compensation in t form of commissions, discounts, or concessions from the selling stockholder and/or purchasers of the common stock for whom broker-dealers may act as agent. Aspire Capital has informed us that each such broker-dealer will receive commissions from Aspire Capital which will not exceed customary brokerage commissions.

Aspire Capital is an "underwriter" within the meaning of the Securities Act.

Neither we nor Aspire Capital can presently estimate the amount of compensation that any agent will receive. We know of no existing arrangements between Aspire Capital, any other shareholder, broker, dealer, underwriter, or agent relating to the sale distribution of the shares offered by this prospectus. At the time a particular offer of shares is made, a prospectus supplement, required, will be distributed that will set forth the names of any agents, underwriters, or dealers and any compensation from th selling stockholder, and any other required information. Pursuant to a requirement of the Financial Industry Regulatory Autho or FINRA, the maximum commission or discount and other compensation to be received by any FINRA member or independe broker-dealer shall not be greater than eight percent (8%) of the gross proceeds received by us for the sale of any securities bei registered pursuant to Rule 415 under the Securities Act.

We will pay all of the expenses incident to the registration, offering, and sale of the shares to the public other than commission discounts of underwriters, broker-dealers, or agents. We have agreed to indemnify Aspire Capital and certain other persons ag certain liabilities in connection with the offering of shares of common stock offered hereby, including liabilities arising under Securities Act or, if such indemnity is unavailable, to contribute amounts required to be paid in respect of such liabilities. Aspi Capital has agreed to indemnify us against liabilities under the Securities Act that may arise from certain written information furnished to us by Aspire Capital specifically for use in this prospectus or, if such indemnity is unavailable, to contribute amou required to be paid in respect of such liabilities.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and contro persons, we have been advised that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is therefore, unenforceable.

Aspire Capital and its affiliates have agreed not to engage in any direct or indirect short selling or hedging of our common stoc during the term of the Purchase Agreement.

We have advised Aspire Capital that while it is engaged in a distribution of the shares included in this prospectus it is required comply with Regulation M promulgated under the Securities Exchange Act of 1934, as amended. With certain exceptions, Regulation M precludes the selling stockholder, any affiliated purchasers, and any broker-dealer or other person who participa in the distribution from bidding for or purchasing, or attempting to induce any person to bid for or purchase any security which the subject of the distribution until the entire distribution is complete. Regulation M also prohibits any bids or purchases made order to stabilize the price of a security in connection with the distribution of that security. All of the foregoing may affect the marketability of the shares offered hereby this prospectus.

We may suspend the sale of shares by Aspire Capital pursuant to this prospectus for certain periods of time for certain reasons including if the prospectus is required to be supplemented or amended to include additional material information.

This offering will terminate on the date that all shares offered by this prospectus have been sold by Aspire Capital.

DESCRIPTION OF SECURITIES TO BE REGISTERED

This prospectus includes 15,000,000 Shares of our common stock offered by the Selling Security Holder. The following description of our common stock is only a summary. You should also refer to our certificate of incorporation and bylaws, whic have been incorporated by reference as exhibits to the registration statement of which this prospectus forms a part.

Common Stock

The Company is authorized to issue 200,000,000 shares of $0.0001 par value common stock. As of April 7, 2014, the Compar had 61,690,582 shares of common stock outstanding. The shares of our common stock presently outstanding, and any shares o our common stock issues upon exercise of stock options and/or warrants, will be fully paid and non-assessable. Each holder of common stock is entitled to one vote for each share owned on all matters voted upon by shareholders, and a majority vote is required for all actions to be taken by shareholders. In the event we liquidate, dissolve or wind-up our operations, the holders o the common stock are entitled to share equally and ratably in our assets, if any, remaining after the payment of all our debts an liabilities and the liquidation preference of any shares of preferred stock that may then be outstanding. The common stock has preemptive rights, no cumulative voting rights, and no redemption, sinking fund, or conversion provisions. Since the holders o common stock do not have cumulative voting rights, holders of more than 50% of the outstanding shares can elect all of our Directors, and the holders of the remaining shares by themselves cannot elect any Directors. Holders of common stock are ent to receive dividends, if and when declared by the Board of Directors, out of funds legally available for such purpose, subject t dividend and liquidation rights of any preferred stock that may then be outstanding.

Voting Rights

Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders.

Dividends

Subject to preferences that may be applicable to any then-outstanding shares of preferred stock, if any, and any other restrictio holders of common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the Company's board of directors out of legally available funds. The Company and its predecessors have not declared any dividen the past. Further, the Company does not presently contemplate that there will be any future payment of any dividends on com stock.

Preferred Stock

The Company is authorized to issue 5,000,000 shares of Preferred Stock, $.0001 par value, in series with rights, preferences ar privileges as determined by resolution of the Board of Directors. As of the date of this prospectus, no shares of Preferred Stocl issued and outstanding.

Anti-Takeover Provisions

Our Articles of Incorporation and Bylaws contain provisions that may make it more difficult for a third party to acquire or may discourage acquisition bids for us. Our Board of Directors may, without action of our stockholders, issue authorized but unissu common stock and preferred stock. The issuance of additional shares to certain persons allied with our management could hav effect of making it more difficult to remove our current management by diluting the stock ownership or voting rights of persor seeking to cause such removal. The existence of unissued preferred stock may enable the Board of Directors, without further action by the stockholders, to issue such stock to persons friendly to current management or to issue such stock with terms tha could render more difficult or discourage an attempt to obtain control of us, thereby protecting the continuity of our managem Our shares of preferred stock could therefore be issued quickly with terms that could delay, defer, or prevent a change in contr us, or make removal of management more difficult.

BUSINESS

Company Overview

Mobiquity Technologies, Inc., through its wholly-owned subsidiary, Mobiquity Networks, Inc., is an advertising technology (A
Tech) company focusing on connecting Fans (consumers) and Brands through a single platform utilizing Online, Social and
Mobile. Mobiquity leverages leading edge mobile technologies including Bluetooth (Push & Beacon BLE), Wi-Fi, NFC (Near
Field Communications) and QR (Quick Response) code and employs propriety devices through retail environments to build
physical networks. Assets are managed in a single platform creating a new class of consumer engagement and data intelligence

Mobiquity Devices

Our Mobiquity devices which are deployed through retail locations to create the Mobiquity network include Mobi-Units,
Mobi-Beacons and Mobi-Tags. Mobi-Units utilize both Bluetooth and Wi-Fi to communicate with all devices, including smart
phones and feature phones. An advantage of Mobi-Units is that consumers have the choice through an opt-in process to receiv
only desired content and offers. Additionally, through the use of Wi-Fi, consumer can connect to view content and receive spe
offers. Mobi-Beacons which utilize Bluetooth LE 4.0, are also part of the Mobi-Unit, and can dramatically enhance the in-app
experience through the use of hyper accurate location event data. Mobi-Tags interact with smart phones utilizing QR and NFC
can promote app downloads, social media engagement and database building.

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Our Single Integrated Platform

The Mobiquity Platform employs a number of core solutions to help us engage with nearly 100% of the mobile market. Our data/services include campaign management, analytics and campaign results and reward programs and special offers to consu

The Network

Through our various agreements with mall developer (Simon Property Group) and strategic partners (EYE Corp), we have deployed physical devices throughout 100 of the top shopping malls across the United States. These devices work together to create our NETWORK, which provides advertisers the opportunity to reach millions of mall visitors per month with mobile content and offers when they are most receptive to advertising messages. We are also planning to expand our network into oth venues, such as; stadiums, arenas, colleges, airports and retail chains to name a few.

The highlights of our network include the following:

- 100 shopping malls;
- Represents approximately 120 million monthly shopping visits;
- Provides access to affluent, highly-sought-after demographic; and
- National coverage – Top 10+ DMA's throughout the country, such as but not limited to; New York, Los Angeles and Chicag

Our location-based mobile marketing network is designed to reach on-the-go shoppers via their mobile devices. We offer extremely targeted messaging engineered to engage and influence shoppers as they move about the mall environment. Mobiqu Mobi-Units are strategically placed in shopping malls near entrances, anchor stores, escalators and other high traffic and high dwell time areas. Mobiquity's Mobi-Unit placement takes advantage of the opportunity to provide a reminder to consumers ju before making a purchase decision. These Mobi-Units generate high awareness and brand recognition at the right time and pla

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Mobiquity Toolkit

We are creating a new class of contextually relevant consumer experience based on time, location, proximity and personalizati
Our Mobiquity platform provides advertisers the following:

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Core Services

The pictures that follow demonstrate practical applications of our Mobi-Units, Mobi-Beacons and Mobi-Tags:

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SMART DATA

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Mobiquity Advantages

- Ubiquitous technologies allow us to reach nearly 100% of mobile devices.
- Devices are integrated on a single platform.
- Platform monitors & reports device activity in real-time, manages campaigns, delivers highly targeted content and provides 3 Party access to our network through SDK (Software Development Kit) & API (Application Program Interface) integration.
- Mobiquity has already established a PREMIUM network footprint. Mall-based network reaches a premier demographic.
- Ready to translate experience to in-store applications.

Acquisition of Intellectual Property of FuturLink

In March 2013, the Company formed as a wholly-owned subsidiary, Mobiquity Wireless, SLU in Spain. Mobiquity Wireless t acquired the assets of FuturLink at a cost of approximately $160,200, which cash was paid from the Company's current worki capital. These assets include, without limitation, the FuturLink technology (U.S. patents and source codes), trademark(s) and access point (proximity marketing) component parts.

As the technology owner, the Company realized immediate benefits and will leverage the hardware and software included in i purchase to expand its mall-based footprint in the United States. The acquisition of FuturLink's technology and correspondin patents provides the Company with the flexibility and autonomy to; improve, upgrade and integrate new ideas and cutting edg technologies into its existing platform. This will allow the Company to evolve as new technologies emerge.

The Company believes that the intellectual property of FuturLink which is now owned by the Company will be a valuable ass the Company as it moves forward with its technology platform. In the event our intellectual property positions are challenged, invalidated, circumvented or expire, or if we fail to prevail in future intellectual property litigation, our business could be adversely affected. Our success depends in part on our ability to defend our intellectual property rights. Third parties may see challenge, invalidate or circumvent our intellectual property rights. In addition, our intellectual property positions might not protect us against competitors with similar products or technologies because competing products or technologies may not infr our intellectual property rights. Also, there are third parties who have patents or pending patent applications that they may cla necessitate payment of a royalty or prevent us from commercializing our proprietary rights in certain territories. Intellectual property disputes are frequent, costly and can preclude, delay or increase the cost of commercialization of products and/or services. See "Risk Factors."

Our Integrated Marketing Subsidiary

Our wholly-owned subsidiary, Ace Marketing, Inc., changed its name to Ace Marketing & Promotions, Inc. in September 201 when our parent corporation, Mobiquity Technologies, Inc. changed its name from Ace Marketing & Promotions, Inc. to its current name. Our subsidiary, Ace, is an Integrated Marketing Company focused on marketing process analysis and technology-based growth acceleration strategies. Ace offers Brand Analysis & Development, Website Analysis & Developme Database Analysis & Building, and Integrated Marketing Campaigns using: direct mail, email marketing, mobile marketing, promotional products and other mediums that help its clients connect with their customers and acquire new business.

Ace Advantages

Ace is an integrated marketing company focused on working with clients to grow their business. Ace offers brand analysis anc development, website analysis and development, database analysis and building, and integrated marketing campaigns using: d mail, email marketing, mobile marketing, promotional products and other mediums that help our clients connect with their customers and acquire new business.

Ace has created a four-step process supported by marketing technology platforms to provide a comprehensive range of capabi with the goal of having the right client utilize the right message at the right time.

The "Ace Process"

- Brand analysis and development,
- Website analysis and development,
- Database analysis and building, and
- Integrated marketing campaigns.

BRAND ANALYSIS & DEVELOPMENT

Ace’s clients have one chance to make a first impression. Our clients’ brand image creates that impression, and reinforces that message each time their customer interacts with our client’s brands. Our creative department can help each client design a bran strategy for its business that creates the image and lasting impression that each of our clients need. Adding a client’s brand to promotional merchandise is a subtle, yet effective way to drive repeat impressions and awareness of a client’s brand. Well-pla branded merchandise often stays in front of customers for many years, and can offer the lowest cost per impression marketing available today. To achieve the highest level of brand control and innovative style, we can work with each client’s team to cre custom merchandise to perfectly reflect the image a client wants to project to its customers. We work with a proven team of domestic and international designers and product manufactures to ensure that each client’s custom products deliver the style an performance within the required cost-structure.

In creating a strong brand, our team must be able to answer each of the following questions:

- Brand Analysis: Does it send the right message our client’s want?
- Brand Creation: Have we achieved a professional look?
- Brand Consistency: Is our client marketing consistent across all mediums?

WEBSITE ANALYSIS & DEVELOPMENT

Ace believes that each client’s business is judged by its website, and if its prospects can’t find our client online, it’s like our cl does not exist at all. A recent study by BIA/Kelsey indicates that 97% of consumers go online to research products and service they’re not finding the company during their searches, there’s no doubt about it: companies are likely losing a substantial amo business.

Ace has created a proprietary web development platform (“AcePlace CMS”) that is changing the way websites are developed maintained. Our platform drastically reduces the programming and coding required to deliver outstanding functionality, and delivers a content management system that puts the control back into our clients’ hands. More importantly, with AcePlace CM each client can manage its own branded merchandise/company store, its own in-house database, e-mail, and text marketing communication from a single platform.

Ace’s keys to creating a strong web presence are as follows:

- Create a strong brand image;
- Utilize a content management system (CMS);
- Use AcePlace as a client’s central marketing tool; and
- Make sure our client’s website is optimized for mobile devices.

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DATABASE ANALYSIS & BUILDING

Ace works with each client's existing database(s) to ensure that each client has the most accurate and up-to-date information f clients including (but not limited to) physical addresses, email addresses and phone numbers. Ace also "Models" the demogra and psychographic characteristics of the customers/clients in its database. Ace utilizes this information to learn even more abo each client's existing customers. Ace can create a demographic/psychographic profile of each client's ideal customer base. Th highly-targeted knowledge can be utilized to accurately identify high-probability prospects in each client's market area. Ace m the most of each client's data by performing the following tasks with the help of our clients:

- Data Cleaning & Appending: We make sure that our client's data and information are accurate.
- Data Modeling: We determine, statistically speaking, which customers should be utilizing our client's products and service
- Acquisition Modeling: Then, based on the results of the data modeling, we project who else our clients should be targeting

INTEGRATED MARKETING CAMPAIGNS

The most effective way to increase the response rate and rate of return on investment of each client's marketing program is to deliver personalized messages that are targeted to the right audience as determined through advanced database management. E client's message must then be delivered utilizing the most effective medium for the intended customer. Ace provides integrate platforms that deliver the right message to the right client using the right delivery method.

Each multi-channel marketing capabilities include the following:

- Branded merchandise;
- Direct mail marketing;
- E-Mail marketing; and
- Mobile marketing.

Our Distribution and Marketing Strategy

Key elements of our distribution and marketing strategy are as follows:

- *We have created a suite of solutions for one stop shopping.* With our suite of solutions in place, Ace now offer its clients and potential clients the ability to work smarter in addressing their marketing needs by leveraging technology platforms. The serv and technology platforms assembled provide our clients with an exceptional mix of solutions for reaching their customers in v that were previously impossible. Clients have the ability to choose a single marketing or a complete package of solutions wor together seamlessly. By offering the entire suite of solutions, the need for multiple vendors has been eliminated, and Ace can single source provider of brand marketing, advanced integrated marketing platforms, mobile marketing, social networks, web development and digital media.

- *Creating awareness of our products, services and facilities*. Our revenues are derived from existing customers ar new customers through word of mouth recommendations, attendance at trade shows and our sales representative

- *Providing generous incentives to our sales people to increase performance levels*. We offer competitive commissions in addi to back office support and research assistance to allow our independent sales representatives to optimize their sales time and t provide them with adequate incentives to sell promotional products to our customers rather than for our competitors.

- *Provide research, consulting, design and fulfillment services to our customers to increase profitability*. We design promotion products for our customers and provide consulting services in connection therewith. We utilize licensed research software technology and order entry systems in conjunction to our own proprietary software that enables us to provide the best service our customers in the timeliest fashion possible.

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Competition

Our Company competes in the advertising technology and location-based mobile marketing business and in all other facets of business against small, medium and large companies throughout the United States. We can provide no assurances that our bus will be able to compete against other companies that may have more financial resources and greater experience than the Comp

With respect to our integrated marketing subsidiary, while our competition in this business vertical is extensive with over 20,0 distributors, we believe that there are no companies that dominate the market in which we operate. Our Company competes w the industry on the basis of service, competitive prices, personnel relationships and competitive commissions to our sales representatives to sell promotional products for us rather than our competitors. Competitors' advantages over us may include b financing, greater experience, lower margins and better personal relationships than us.

Employees

As of March 12, 2014, we had 27 full time employees, including executive management, technical personnel, salespeople, and support staff employees. We also utilize four additional firms/persons who provide services to us on a non-exclusive basis as independent consultants.

Properties

In February 2012, the Company entered into a 63-month lease agreement for new executive office space of approximately 4,2 square feet located at 600 Old Country Road, Suite 541, Garden City, NY 11530. The annual rent under this office facility for first year is estimated at $127,000, including electricity, subject to an annual increase of 3%. In the event of a default in which Company is evicted from the office space, Mobiquity would be responsible to the landlord for an additional payment of rent o $160,000 in the first year of the lease, an additional payment of $106,667 in the second year of the lease and an additional pay of rent of $53,333 in the third year of the lease. Such additional rent would be payable at the discretion of the Company in cas in Common Stock of the Company.

We lease approximately 2,000 square feet of space, expiring in November 2014, at an annual cost of approximately $28,600 (inclusive of taxes) at 1105 Portion Road, Farmingville, NY 11738.

In March 2013, we entered into a two-year lease for approximately a 1,200 square foot facility of office and warehouse space i
Barcelona, Spain, at monthly cost of approximately $2,200.

Legal Proceedings

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition o
results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board,
government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our compan
any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our
companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a mater
adverse effect.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

Overview

The Company is an advertising technology (Ad Tech) company focusing on connecting Fans (consumers) and Brands through single platform utilizing Online, Social and Mobile. Mobiquity leverages leading edge mobile technologies including Bluetoot (Push & Beacon BLE), Wi-Fi, NFC (Near Field Communications) and QR (Quick Response) code and employs propriety dev through retail environments to build physical networks. Assets are managed in a single platform creating a new class of consu engagement and data intelligence.

Our wholly-owned subsidiary, Ace Marketing, Inc., changed its name to Ace Marketing & Promotions, Inc. in September 201 when our parent corporation, Mobiquity Technologies, Inc. changed its name from Ace Marketing & Promotions, Inc. to its current name. Our subsidiary, Ace, is an Integrated Marketing Company focused on marketing process analysis and technology-based growth acceleration strategies. Ace offers Brand Analysis & Development, Website Analysis & Developme Database Analysis & Building, and Integrated Marketing Campaigns using: direct mail, email marketing, mobile marketing, promotional products and other mediums that help its clients connect with their customers and acquire new business.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of finar statements requires management to make estimates and disclosures on the date of the financial statements. On an on-going bas we evaluate our estimates including, but not limited to, those related to revenue recognition. We use authoritative pronouncem historical experience and other assumptions as the basis for making judgments. Actual results could differ from those estimate We believe that the following critical accounting policies affect our more significant judgments and estimates in the preparatio our financial statements.

REVENUE RECOGNITION - Revenue is recognized when title and risk of loss transfers to the customer and the earnings pro is complete. In general, title passes to our customers upon the customer's receipt of the merchandise. Revenue is recognized or gross basis since the Company has the risks and rewards of ownership, latitude in selection of vendors and pricing, and bears a credit risk. Advance payments made by customers are included in customer deposits.

ALLOWANCE FOR DOUBTFUL ACCOUNTS. We are required to make judgments based on historical experience and futu expectations, as to the realizability of our accounts receivable. We make these assessments based on the following factors: (a)

historical experience, (b) customer concentrations, customer credit worthiness, (d) current economic conditions, and (e) chang customer payment terms.

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ACCOUNTING FOR STOCK BASED COMPENSATION. Stock based compensation cost is measured at the grant date fair value of the award and is recognized as expense over the requisite service period. The Company uses the Black-Sholes option-pricing model to determine fair value of the awards, which involves certain subjective assumptions. These assumption include estimating the length of time employees will retain their vested stock options before exercising them ("expected term" estimated volatility of the Company's common stock price over the expected term ("volatility") and the number of options for vesting requirements will not be completed ("forfeitures"). Changes in the subjective assumptions can materially affect estima fair value stock-based compensation, and the related amount recognized on the consolidated statements of operations.

Plan of Operation

The Company has evolved from an integrated marketing company to an advertising technology company. Through an increase both physical and human resources, the Company believes it has built an infrastructure that Management believes is ready to achieve significant revenues through the deployment of its Mobi-Units, Mobi-Beacons and Mobi-Tags as described in "Busin this respect, our mall network has expanded to 100 malls and we have increased our employment base and technical staff to 2 employees. In 2013, we upgraded our technology through the improvements offered by Bluetooth 4.0 LE in our Mobi-beacon The Company is seeking to realize on the advertising revenue potential of its mall network footprint and in order to concentrat these sales opportunities, the Company has temporarily postponed the rollout of its mall-offers platform described in prior Exchange Act filings. In 2013, the Company also restructured itself into two operating divisions, namely Ace Marketing and Mobiquity Networks. In 2013, the Company acquired its licensed technology from FuturLink, a transaction at a cost of approximately $160,000 which should substantially reduce the cost of our Mob-Units as they are deployed in malls and other locations. Management believes that the foregoing measures should lead to additional sales and increase shareholder value, although no assurances can be given in this regard.

The Company anticipates continuing to rely on external financing from sales of its common stock to support its operations unt cash flow from operations has a positive impact on operations, although no assurances can be given in this regard.

Results of Operations

2013 versus 2012

The following table sets forth certain selected condensed statement of operations data for the periods indicated in dollars. In addition, we note that the period-to-period comparison may not be indicative of future performance.

Years Ended December 31

	2013	2012
Revenue	$3,157,532	$2,890,652
Cost of Revenues	2,353,095	2,170,265
Gross Profit	804,437	720,387
Operating Expenses	6,665,082	4,667,122
Loss from operations	(5,860,645)	(3,946,735)
Net Loss	(6,087,465)	(4,134,061)
Preferred Stock Dividend	–	–
Net Loss Allocable to Common Stockholders	(6,087,465)	(4,134,061)
Net (Loss) per common Share	(.14)	(.16)
Weighted average common Shares outstanding	42,438,849	26,216,795

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We generated revenues of $3,157,532 for 2013 compared to $2,890,652 in 2012. The change in revenues of $266,880 in 2013 compared to 2012 is due to the increased efforts of our sales force. Additionally, we also anticipate our revenues to increase in Mobiquity Networks subsidiary due to the implementation of our Mobi-Beacons and more advertisers utilizing our mall netwo

Cost of revenues was $2,353,095 or 74.5% of revenues for 2013 compared to $2,170,265 or 75.1% of revenues for 2012. Cost revenues includes purchases and freight costs associated with the delivery of merchandise to our customers.

Gross profit was $804,437 for 2013 or 25.5% of net revenues compared to $720,387 in the same period of 2012 or 24.9% of revenues. Gross profits will vary period-to-period depending upon a number of factors including the mix of items sold and the volume of product sold. Also, it is our practice to pass freight costs on to our customers with low to no profit margin. As advertising revenue from the use of our Mobiquity devices increases, it is expected that our margins will increase significantly the current time, revenues from the use of our Mobiquity devices are not a material portion of our consolidated revenues.

Selling, general, and administrative expenses were $6,665,082 for 2013 as compared to $4,667,122 for 2012. Such costs inclu payroll and related expenses, commissions, insurance, rents, professional, consulting and public awareness fees. The overall increase of $1,997,960 was primarily due to an increase in consulting and professional fees of $507,595, $490,944 increase in payroll, $283,832 increase in non-cash stock based compensation, $177,232 increase in commissions, $134,877 increase in re for our proximity marketing division and $62,403 increase in insurance. These increases can be attributed to the growth and expansion of the Mobiquity Network subsidiary. We believe that the additional expenses included in fiscal 2013 in both physi and human resources will position us to anticipate revenue growth in Mobiquity Networks for 2014.

Our net loss was $6,087,465 for 2013 compared to a net loss of $4,134,061 for 2012. The increase in our loss from operations 2013 as compared to the comparable period of the prior year was primarily due to the cost of growing our infrastructure withi Mobiquity Networks, the additional sales time it is taking to develop our Mobiquity Networks sales and substantial increases i non-cash stock based compensation, rent, commissions, insurance, professional fees and payroll expense as described herein. benefit for income taxes is provided for 2013 and 2012 due to the full valuation allowance on the net deferred tax assets. Our ability to be profitable in the future is dependent upon the successful introduction and usage of our location-based mobile marketing services by advertisers.

Liquidity and Capital Resources

The Company had cash and cash equivalents of $1,740,989 at December 31, 2013.

Cash used by operating activities for the year ended December 31, 2013 was $3,692,630. This resulted from a net loss of $6,087,465, partially offset by non-cash expenses, including depreciation and amortization of $289,289, stock based compensa of $1,765,074, amortization of deferred financing costs of $51,624 and recognition of beneficial conversion feature of $116,66 Additionally, working capital components of current assets and current liabilities, to the exclusion of cash, provided $170,913. Cash used in investing activities amounted to $309,611, which funds were used to acquire property and equipment primarily fo purchases of proximity marketing boxes. Cash provided by financing activities of $5,380,632 was the result of the sale of our company common stock, net of offering costs.

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Cash used by operating activities for the year ended December 31, 2012 was $2,124,033. This resulted primarily from a net lo
$4,134,061, partially offset by stock based compensation of $1,481,242, a decrease in accounts receivable and prepaid expens
$149,972 and depreciation and amortization of $233,825. Cash was used in investing activities of $272,013, which funds were
used to acquire property and equipment primarily for purchases of proximity marketing boxes. Cash provided by financing
activities of $2,153,081 was the result of the sale of our company common stock of $1,887,556 and $265,525 in proceeds rece
from a secured loan transaction pursuant to which the Company borrowed $350,000 in principal due December 12, 2013.

Our company commenced operations in 1998 and was initially funded by our three founders, each of whom has made demand
loans to our Company that have been repaid. Since 1999, we have relied on equity financing and borrowings from outside
investors to supplement our cash flow from operations.

We anticipate that our future liquidity requirements will arise from the need to finance our accounts receivable and inventories
hire additional sales persons and capital expenditures. The primary sources of funding for such requirements will be cash
generated from operations, raising additional capital from the sale of equity or other securities and borrowings under debt faci
which currently do not exist. We believe that we can generate sufficient cash flow from these sources to fund our operations fo
least the next fifteen months.

Recent Financings

During 2013, the Company raised $5,562,816 in gross proceeds from the sale of its Common Stock at $.30 per share. Pursuant
said offering, the Company sold 19,125,006 shares of its Common Stock and Class BB Warrants to purchase 9,562,503 shares
Common Stock exercisable at $.50 per share through December 15, 2017. A total of $150,000 of commissions was paid to a
licensed member of FINRA together with Warrants to purchase 625,000 shares. Exemption from registration for the sale of th
aforementioned securities is claimed under Rule 506 of Regulation D promulgated pursuant to Section 4(2) of the Securities A
1933, as amended. Thomas Arnost, Sean Trepeta and Sean McDonnell, officers and directors of the Company, purchased
$200,000, $90,000 and $50,000, respectively, of securities pursuant to said offering.

Between January 1, 2014 and the date of this report, the Company has raised gross proceeds of $2,160,300 from the sale of its
Common Stock (including $175,000 of the stock subscription receivables) at $.30 per share. In connection with this private
placement offering, the Company has issued 7,201,000 shares of Common Stock and Class BB Warrants to purchase 3,600,50
shares of Common Stock at an exercise price of $.50 per share through December 15, 2017.

On March 31, 2014, the Company raised gross proceeds of $500,000 from the sale of 1,000,000 shares of its restricted Comm
Stock pursuant to a Purchase Agreement with Aspire Capital. The Company also issued a commitment fee of 1,000,000 share
connection with the Purchase Agreement.

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Entry into an Agreement with Aspire Capital

On March 31, 2014, we entered into a common stock purchase agreement (referred to in this prospectus as the "Purchase Agreement"), with Aspire Capital Fund, LLC, an Illinois limited liability company (referred to in this prospectus as "Aspire C or the "selling stockholder"), which provides that, upon the terms and subject to the conditions and limitations set forth therein Aspire Capital is committed to purchase up to an aggregate of $15.0 million of our shares of common stock over the approximately 24-month term of the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurre with the execution of the Purchase Agreement, we issued to Aspire Capital 1,000,000 shares of our common stock as a commitment fee (referred to in this prospectus as the "Commitment Shares"). Upon execution of the Purchase Agreement, we Aspire Capital 1,000,000 shares of common stock (referred to in this prospectus as the "Initial Purchase Shares"). Concurrentl entering into the Purchase Agreement, we also entered into a registration rights agreement with Aspire Capital (referred to in t prospectus as the "Registration Rights Agreement"), in which we agreed to file one or more registration statements, including registration statement of which this prospectus is a part, as permissible and necessary to register under the Securities Act of 19 as amended, or the Securities Act, the sale of the shares of our common stock that have been and may be issued to Aspire Cap under the Purchase Agreement.

As April 7, 2014, there were 61,690,582 shares of our Common Stock outstanding (57,020,610 shares held by non-affiliates, including 2,000,000 shares previously issued to Aspire Capital, representing 92.4% of the non-affiliate shares of Common Sto outstanding as of the date hereof), excluding the additional 13,000,000 shares offered that may be issued to Aspire Capital pursuant to the Purchase Agreement. If all of such 15,000,000 shares of our Common Stock offered hereby were issued and outstanding as of the date hereof, such shares would represent approximately 20% of the total Common Stock outstanding. Th number of shares of our Common Stock ultimately offered for sale by Aspire Capital is dependent upon the number of shares purchased by Aspire Capital under the Purchase Agreement.

Pursuant to the Purchase Agreement and the Registration Rights Agreement, we have registered 15,000,000 shares of our Common Stock under the Securities Act, which includes the Commitment Shares and Initial Purchase Shares that have already been issued to Aspire Capital and an additional 13,000,000 shares of Common Stock which we may issue to Aspire Capital on after May 7, 2014, the date of this prospectus. All 15,000,000 shares of Common Stock are being offered pursuant to this prospectus.

On May 7, 2014, all of the conditions to commencement under the Purchase Agreement were met.

On or after May 7, 2014, the date of this prospectus, on any trading day on which the closing sale price of our Common Stock exceeds $0.16, we have the right, in our sole discretion, to present Aspire Capital with a purchase notice (each, a "Purchase No directing Aspire Capital (as principal) to purchase up to 200,000 shares of our Common Stock per trading day, provided that th aggregate price of such purchase shall not exceed $250,000 per trading day, up to $15.0 million of our Common Stock in the aggregate at a per share price (the "Purchase Price") calculated by reference to the prevailing market price of our Common Sto more specifically described below).

In addition, on any date on which we submit a Purchase Notice for 200,000 shares to Aspire Capital and the closing sale price our stock is equal to or greater than $0.50 per share of Common Stock , we also have the right, in our sole discretion, to preser Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Ca purchase an amount of stock equal to up to 30% of the aggregate shares of the Company's common stock traded on the OTCQ the next trading day (the "VWAP Purchase Date"), subject to a maximum number of shares we may determine (the "VWAP P Share Volume Maximum") and a minimum trading price (the "VWAP Minimum Price Threshold") (as more specifically desc below). The purchase price per Purchase Share pursuant to such VWAP Purchase Notice (the "VWAP Purchase Price") is calc by reference to the prevailing market price of our common stock (as more specifically described below).

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The Purchase Agreement provides that the Company and Aspire Capital shall not affect any sales under the Purchase Agreeme on any purchase date where the closing sale price of our common stock is less than $0.16 per share (the “Floor Price”). This F Price and the respective prices and share numbers in the preceding paragraphs shall be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction. There are no tra volume requirements or restrictions under the Purchase Agreement, and we will control the timing and amount of any sales of common stock to Aspire Capital. Aspire Capital has no right to require any sales by us, but is obligated to make purchases fro as we direct in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement. The Purchase Agreement may be terminated by us at any time, at our discretion, without any penalty or to us. See “Risk Factors” and the first risk factor titled “We will need to raise substantial additional capital in the future to fun operations and we may be unable to raise such funds when needed and on acceptable terms.”

Entry into a Secured Promissory Note

In June 2012, the Company issued a convertible promissory note in the principal amount of $350,000 to TCA Global Credit Master Fund, an institutional lender, secured by all of the assets of the Company. In December 2012, Thomas Arnost, a directo Mobiquity, purchased from TCA Global Credit Master Fund, the Company’s outstanding convertible promissory note in the amount of $350,000. Subsequently, Mr. Arnost and the Company agreed to fix the conversion price of the note at $.30 per sha extend the due date of the Note to June 12, 2014, subject to Mr. Arnost’s right to call the note at any time in his sole discretion increase the interest rate to 15% per annum. The Company has the right to prepay the note, subject to Mr. Arnost’s right of conversion.

MARKET INFORMATION

Purchases of Equity Securities.

Our Common Stock trades on the OTCQB under the symbol "MOBQ" (formerly “AMKT”) on a limited basis. The OTCQB marketplace has effectively replaced the FINRA operated OTC Bulletin Board (OTCBB) as the primary market for SEC repor securities that trade off exchanges. The following table sets forth the range of high and low sales prices of our Common Stock the last two fiscal years.

Quarters Ended	High	Low
March 31, 2012	$1.00	.38
June 30, 2012	.85	.37
September 30, 2012	.64	.25
December 31, 2012	.54	.21

March 31, 2013	.50	.20
June 30, 2013	.60	.37
September 30, 2013	.55	.33
December 31, 2013	.53	.32

The closing sales price on April 7, 2014 was $.60 per share. All quotations provided herein reflect inter-dealer prices, without retail mark-up, markdown or commissions.

In the event a public market for our common stock is sustained in the future, sales of our common stock may be made by hold of our public float or by holders of restricted securities in compliance with the provisions of Rule 144 of the Securities Act of 1933. In general, under Rule 144, a non-affiliated person who has satisfied a six-month holding period in a fully reporting company under the Securities Exchange Act of 1934, as amended, may, sell their restricted Common Stock without volume limitation, so long as the issuer is current with all reports under the Exchange Act in order for there to be adequate common pu information. Affiliated persons may also sell their common shares held for at least six months, but affiliated persons will be required to meet certain other requirements, including manner of sale, notice requirements and volume limitations. Non-affilia persons who hold their common shares for at least one year will be able to sell their common stock without the need for there current public information in the hands of the public. Future sales of shares of our public float or by restricted common stock in compliance with Rule 144 may have an adverse effect on the then prevailing market price, if any, of our common stock. See "Risk Factors."

As of April 7, 2014, there were approximately 175 holders of record of our common stock, although we believe that there are persons who are beneficial owners of our common stock held in street name. Our transfer agent is Continental Stock Transfer Trust Company, 17 Battery Place, 8th Floor, New York, NY 10004.

DIVIDEND POLICY

We have never paid any cash dividends and intend, for the foreseeable future, to retain any future earnings for the developmen our business. Our Board of Directors will determine our future dividend policy on the basis of various factors, including our results of operations, financial condition, capital requirements and investment opportunities.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON

ACCOUNTING AND FINANCIAL DISCLOSURE

Recent History of auditor changes:

Our financial statements were previously audited by the firm of Peter Messineo, CPA (“PM”). In December 2012 Peter Messi CPA merged into the firm known as DKM Certified Public Accountants (“DKM”). DKM had audited our previous financial statement for the year ending December 31, 2012. In April 2013 the agreement of DKM and PM was terminated. On May 6, 2 the Company engaged, Messineo & Co., CPAs, LLC, which is the successor continuation of the original audit firm (PM).

DKM's report on the financial statements for the year ended December 31, 2012 contained no adverse opinion or disclaimer of opinion and was not qualified or modified as to audit scope or accounting. Our filings include DKM’s report.

MANAGEMENT

The names, ages and principal occupations of the Company's present officers and directors are listed below.

NAME (1) (2)	AGE	FIRST BECAME DIRECTOR AND/OR OFFICER	POSITION
Dean L. Julia	46	1998	Co-Chief Executive Officer/Secretary/Treasurer/Director/Co-Foun
Michael D. Trepeta	42	1998	Co-Chief Executive Officer/President/Director/Co-Founder
Sean McDonnell	53	2005	Chief Financial Officer
Thomas Arnost (3)	67	2011	Chairman of the Board
Sean Trepeta	46	2011	Director/President of Mobiquity Networks

(1) Directors are elected at the annual meeting of stockholders and hold office until the following annual meeting.
(2) There is currently a vacancy on the Board of Directors.
(3) Thomas Arnost is Chairman of the Board but not an executive officer.

The terms of all officers expire at the annual meeting of directors following the annual stockholders meeting. Officers serve at pleasure of the Board and may be removed, either with or without cause, by the Board of Directors, and a successor elected by majority vote of the Board of Directors, at any time.

MANAGEMENT TEAM

Our officers, directors and founders each have experience in the development of early stage companies including business strategies, products and services and financing.

DEAN L. JULIA

Mr. Julia holds a Bachelor of Business Administration from Hofstra University received in 1990. From 1991-1996, Mr. Julia worked at various Investment Banks where he was involved in the funding of numerous IPO's in the Bio Technology and Communications sectors. From September 1996 through February 1998, Mr. Julia served as President and Chief Executive Of of DLJ Consulting, a financial intermediary consultant for public and private companies. In 1998, Mr. Julia co-founded Mobiq and became an officer, director and principal stockholder of the company. He continues to serve as Co-CEO of Mobiquity whe he sets overall strategy and continually fosters key relationships with technology partners and developers. Mr. Julia also serves

COO of Mobiquity's wholly-owned subsidiary, Mobiquity Networks, where he is responsible for the integration of the sales a departments of Mobiquity with the creative, IT and database departments of Mobiquity. He continues to set all operational strategies for scaling each department to meet the demands of managing and maintaining the aggressive expansion of the natio proximity marketing network. Mr. Julia is a founder of the Company, has demonstrated his management ability at senior level has served on the board since its inception and he is expected to continue to serve on the Board.

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MICHAEL D. TREPETA

Mr. Trepeta received a Bachelor of Science Degree in Applied Economics and Business Management with a minor in Communications from Cornell University in 1993. From 1993-1996, Mr. Trepeta worked as a stockbroker and was involved i funding of numerous development-stage and growth companies. From September of 1996 through February 1998, he served a President of MDT Consulting Group, Inc., a corporation contracted by various companies to serve as a financial intermediary investment bankers and to assist in developing products, services, and business strategies. In 1998, Mr. Trepeta co-founded Mobiquity as an officer, director and principal owner of the company. He continues to set the strategy for all integrated marke efforts at Mobiquity through the development of models and solutions that leverage the attributes of cutting edge marketing technologies. As Co-CEO of Mobiquity and as Chief Executive Officer of its wholly-owned subsidiary, Mobiquity Networks, Trepeta is responsible for setting strategy for the continued roll-out of Mobiquity's national proximity marketing network by securing long term strategic partnerships with key property owners and management companies while simultaneously forming partnerships with out of home agencies who control the media assets within those properties. Mr. Trepeta, a founder of the Company, has demonstrated his management ability at senior levels and he is expected to continue to serve on the board.

SEAN MCDONNELL

Sean J. McDonnell, Certified Public Accountant, has been self-employed and in private accounting practice since January 199 handling many different types of business entities and associations. Mr. McDonnell has spent much of his time helping his customers grow their companies and acquire financing for the purchase of buildings and equipment. Prior to starting his own practice, he was employed from 1985 - 1990 as a senior staff member in the accounting firm of Breiner & Bodian CPA's. Afte graduating from Dowling College in 1984, he was employed by Kenneth Silver C.P.A. from 1984 - 1985. He is currently serv on the boards of the Police Athletic League, North East Youth Sports Association and Sound Beach Soccer Club, Inc. Mr. McDonnell has served as our Chief Financial Officer since January 3, 2005 and currently as an employee, he devotes such tim our affairs as is necessary for the performance of his duties.

THOMAS ARNOST

Mr. Thomas Arnost previously served as the Co-President of Univision Communications, Inc. Station Group, where he joined company in 1994. He served as the Co-President of Univision Television Group, from 1997 to 2006, and prior to that as Execu Vice President of Univision Television Group from 1994 to 1996. In 2002, Mr. Arnost helped in successful launch of the Telefutura Station Group, which has since, significantly contributed to Univision's overall revenue growth and market value. During his tenure with Univision, total station group revenue grew from under $120 million in 1993 to approximately $700 mi in 2006. Also during his tenure, the Company’s market value grew from roughly $500 million to over $14 billion. Mr. Arnost been a director of the Company since December 2011. Mr. Arnost’s extensive business, financial, management and leadership experience in the telecommunications industry particularly qualifies him for serving on the Company’s board as an independe director.

SEAN TREPETA

Prior to joining the Mobiquity Networks team in May of 2011, Mr. Trepeta was President of Varsity Networks, a leading onlin portal dedicated to serving the High School sports market. While at Varsity Networks, Mr. Trepeta grew the network to includ over 10,000 high school team websites and was responsible for growing web traffic to include millions of monthly visitors anc registered users across the country allowing for additional revenue streams through the placement of online advertising by maj national brands. Prior to this, Mr. Trepeta was the President and Co-Founder of OPEX Communications, Inc., a leading telecommunication service provider which was located in Chicago, specializing in traditional long-distance, wireless, and dedicated services. Mr. Trepeta increased sales and was able to grow the company through agents and the Internet to $48 milli in annual sales before selling OPEX in 2006. Before working for OPEX, Mr. Trepeta was the vice president of sales and mark for the US Buying Group, Inc. responsible for developing a small business-buying program, which included value added servi such as overnight shipping, office supplies, and computer software products, as well as a full line of telecommunications servi Mr. Trepeta also developed and implemented the agent and carrier divisions of USBG. Prior to joining USBG, he was with M Telecommunications and NYNEX in New York City. As President of Mobiquity Networks, Mr. Trepeta is responsible for onc again setting all sales and marketing strategies internally as well as handling the relationship and training of the national sales force of Mobiquity's key out of home Mall Media partner, EYE Corp. He continues to foster strategic relationships with agenc and national brands. Mr. Trepeta holds a Bachelor of Science degree from the State University of New York at Cortland. Mr., Trepeta has been a director of the Company since December 2011. Mr. Trepeta’s extensive sales and marketing experience an management experience in the telecommunications industry qualifies him for serving on the Company’s board of directors.

Key Person

Paul Bauersfeld, Chief Technology Officer, is a non-executive officer of the Company, but key employee. Mr. Bauersfeld is a technology executive and engineer with over 20 years' experience in software product development and entrepreneurial organizations. He founded Varsity Networks, a leading online media and services company dedicated to serving the local spor market through technology. Mr. Bauersfeld served as CEO and expanded the network to include over 10,000 local sports communities with millions of monthly visitors. Prior to Varsity Networks, Mr. Bauersfeld has held positions at a number of Fortune 100 and startup companies in the technology and media industries. He has also acted as an advisor to a number of technology start-ups. Mr. Bauersfeld's roles have included Co-founder and CEO of MessageOne (Acquired by Dell), VP of ecommerce at Ziff-Davis, Technology Director at Viacom's Nickelodeon Online, Founder of GiftOne (Acquired by Skymall) well as engineering positions at Apple Computer and Xerox Corporation. Mr. Bauersfeld has a BS in Electrical Engineering fr Rochester Institute of Technology.

Corporate Governance

Our business, property and affairs are managed by, or under the direction of, our Board, in accordance with the General Corporation Law of the State of New York and our By-Laws. Members of the Board are kept informed of our business throug discussions with the Chief Executive Officer and other key members of management, by reviewing materials provided to them management.

We continue to review our corporate governance policies and practices by comparing our policies and practices with those suggested by various groups or authorities active in evaluating or setting best practices for corporate governance of public companies. Based on this review, we have adopted, and will continue to adopt, changes that the Board believes are the approp corporate governance policies and practices for our Company. We have adopted changes and will continue to adopt changes, a appropriate, to comply with the Sarbanes-Oxley Act of 2002 and subsequent rule changes made by the SEC and any applicabl securities exchange.

Director Qualifications and Diversity

The board seeks independent directors who represent a diversity of backgrounds and experiences that will enhance the quality the board's deliberations and decisions. Candidates shall have substantial experience with one or more publicly traded compar or shall have achieved a high level of distinction in their chosen fields. The board is particularly interested in maintaining a mi that includes individuals who are active or retired executive officers and senior executives, particularly those with experience i the finance and capital market industries.

In evaluating nominations to the Board of Directors, our Board also looks for certain personal attributes, such as integrity, abil
and willingness to apply sound and independent business judgment, comprehensive understanding of a director's role in corpo
governance, availability for meetings and consultation on Company matters, and the willingness to assume and carry out fiduc
responsibilities. Qualified candidates for membership on the Board will be considered without regard to race, color, religion, s
ancestry, national origin or disability.

Risk Oversight

Enterprise risks are identified and prioritized by management and each prioritized risk is assigned to the full board for oversigl
These risks include, without limitation, the following:

Risks and exposures associated with strategic, financial and execution risks and other current matters that may present materia
risk to our operations, plans, prospects or reputation.

Risks and exposures associated with financial matters, particularly financial reporting, tax, accounting, disclosure, internal cor
over financial reporting, financial policies, investment guidelines and credit and liquidity matters.

Risks and exposures relating to corporate governance; and management and director succession planning.

Risks and exposures associated with leadership assessment, and compensation programs and arrangements, including incentiv
plans.

Board Leadership Structure

In accordance with the Company's By-Laws, the Chairman of the Board, Thomas Arnost, presides at all meetings of the Board Currently, the offices of Chairman of the Board and Chief Executive Officer are separated, although the Company has no fixe policy with respect to the separation of these titles. The Chairman of the Board is a non-executive officer of the Company.

Lack of Committees

Our Company has no audit, compensation or nominating committees of our board of directors or committees performing simil functions. The audit committee communications will go directly to the board members until such time as an audit committee i formed.

Under the National Association of Securities Dealers Automated Quotations definition, an "independent director" means a per other than an officer or employee of the Company or its subsidiaries or any other individuals having a relationship that, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of the director. The board's discretion in determining director independence is not completely unfettered. Furt under the NASDAQ definition, an independent director is a person who (1) is not currently (or whose immediate family memb are not currently), and has not been over the past three years (or whose immediate family members have not been over the pas three years), employed by the company; (2) has not (or whose immediate family members have not) been paid more than $12 during the current or past three fiscal years; (3) has not (or whose immediately family has not) been a partner in or controllin shareholder or executive officer of an organization which the company made, or from which the company received, payments excess of the greater of $200,000 or 5% of that organizations consolidated gross revenues, in any of the most recent three fisc years; (4) has not (or whose immediate family members have not), over the past three years been employed as an executive of of a company in which an executive officer of Mobiquity has served on that company's compensation committee; or (5) is not currently (or whose immediate family members are not currently), and has not been over the past three years (or whose imme family members have not been over the past three years) a partner of Mobiquity's outside auditor.

The term "Financial Expert" is defined under the Sarbanes-Oxley Act of 2002, as amended, as a person who has the following attributes: an understanding of generally accepted accounting principles and financial statements; has the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience prepa auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the company's financial statements, or experience actively supervising one or more persons engaged in such activities; an understanding of internal controls and procedures for financial reporting; and an understanding of audit committee functions.

The Company may in the future form an audit committee to consist of one or more independent directors. In the event an audi committee is established, of which there can be no assurances given, its first responsibility would be to adopt a written charter. Such charter would be expected to include, among other things:

- being directly responsible for the appointment, compensation and oversight of our independent auditor, which shall report dir to the audit committee, including resolution of disagreements between management and the auditors regarding financial repor for the purpose of preparing or issuing an audit report or related work;
- annually reviewing and reassessing the adequacy of the committee's formal charter;
- reviewing the annual audited financial statements with our management and the independent auditors and the adequacy of ou internal accounting controls;
- reviewing analyses prepared by our management and independent auditors concerning significant financial reporting issues a judgments made in connection with the preparation of our financial statements;
- reviewing the independence of the independent auditors;
- reviewing our auditing and accounting principles and practices with the independent auditors and reviewing major changes to auditing and accounting principles and practices as suggested by the independent auditor or its management;
- reviewing all related party transactions on an ongoing basis for potential conflict of interest situations; and
- all responsibilities given to the audit committee by virtue of the Sarbanes-Oxley Act of 2002, which was signed into law by President George W. Bush on July 30, 2002.

Lack of Independent Directors

During 2013, Domenico Iannucci and Thomas Arnost each serviced as independent directors of the Company until Mr. Iannuc
resigned from the board in December 2013 and Mr. Arnost became a secured creditor of the Company as described below. Mr
Iannucci was replaced by Robert Hussey as a member of the Board in December 2013; however, Mr. Hussey subsequently
resigned from the board in February 2013.

Currently, the Company has four directors, including three members of Management and Thomas Arnost. Prior to December 2
Management deemed Mr. Arnost to be an independent director as defined under the Exchange Act and the NASDAQ definitio
described under "Lack of Committees." However, in December 2013, Mr. Arnost purchased the secured debt in the principal a
of $350,000 from TCA Global Master Fund and entered into an agreement to modify the terms of the note so that the note bea
interest at the rate of 15% per annum, is convertible at a fixed price of $.30 per share, and will become due and payable on Jun
12, 2014, subject to Mr. Arnost's right to call the note at any time in his sole discretion and the Company's right to prepay the
subject to Mr. Arnost's right of conversion. As a result of Mr. Arnost becoming a secured debt holder of the Company, as Apr
2014, the Company believes that Mr. Arnost as a secured creditor of the Company may not be deemed to be an independent
director, as his security interest may interfere with his judgment as an independent director. Also, Mr. Arnost is eligible to rece
certain consulting fees from the Company outside of his services as a director. Accordingly, the Company does not consider M
Arnost to be an independent director of the Company at this time.

EXECUTIVE COMPENSATION

The following table sets forth the overall compensation earned over the fiscal year ended December 31, 2013 and 2012 by (1) person who served as the principal executive officer of the Company during fiscal year 2013 and 2012; (2) the Company's mo highly compensated (up to a maximum of two) executive officers as of December 31, 2013 and 2012 with compensation durin fiscal year 2013 and 2012 of $100,000 or more; and (3) those two individuals, if any, who would have otherwise been in inclu in section (2) above but for the fact that they were not serving as an executive of the Company as of December 31, 2013.

					Salary Compensation				
Name and Principal Position	**Fiscal Year**	**Salary ($)**	**Bonus ($)**	**Stock Awards**	**Options Awards ($)(1)**	**Non-Equity Incentive Plan Compensation ($)**	**Nonqualified Deferred Compensation Earnings ($)**	**All Other Compensation ($)(2)(3)**	**Total ($)**
Dean L. Julia	2012	$293,710	$–	–	$ 63,000	–	–	$ 23,860	$380,
Co-CEO of the Company	2013	$336,000	$–	–	$ 35,743	–	–	$ 51,417	$423,
Michael D. Trepeta	2012	$293,710	$–	–	$ 63,000	–	–	$ 23,860	$380,
Co-CEO of the Company	2013	$336,000	$–	–	$ 35,743	–	–	$ 51,417	$423,
Sean Trepeta	2012	$110,000	$75,000	–	$ 37,500	–	–	$ 23,860	$256,
President of Mobiquity Networks (4)	2013	$127,500	$–	–	$ 6,450	–	–	$ 30,207	$164,

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(1) The options and restricted stock awards presented in this table for fiscal 2012 and 2013 reflect the full grant date fair value, if the total dollar amount were earned in the year of grant. The stock awards are valued based on the fair market value of su Shares on the date of grant and are charged to compensation expense over the related vesting period. The options are value the date of grant based upon the Black-Scholes method of valuation, which is expensed over the service period over which options become vested. As a general rule, for time-in-service-based options, the Company will immediately expense any op or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting te of the option.

(2) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits property, unless the aggregate amount of such compensation is less than $10,000; (ii) any "gross-ups" or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from the company except to the extent available generally to all security holders or to all salaried employees; (iv any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignati severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vestec and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life

insurance for the benefit of the named executive officer; and (vii) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.

(3) Includes compensation for service as a director described under Director Compensation, below.

(4) In 2013, Sean Trepeta received approximately $10,000 per month in salary. In 2012, Mr. Trepeta received $10,000 per mor in salary and $75,000 in bonuses.

For a description of the material terms of each named executive officers' employment agreement, including the terms of the te of any common share purchase option grants, see "Executive Compensation – Employment Agreements."

No outstanding common share purchase option or other equity-based award granted to or held by any named executive officer 2013 were repriced or otherwise materially modified, including extension of exercise periods, the change of vesting or forfeitu conditions, the change or elimination of applicable performance criteria, or the change of the bases upon which returns are determined, nor was there any waiver or modification of any specified performance target, goal or condition to payout, except Messrs. Julia and M. Trepeta had 50,000 options, each extended for five years, with the exercise price lowered to $.38 per sha from $.80 per share.

For a description of the material terms of any contract, agreement, plan or other arrangement that provides for any payment to named executive officer in connection with his or her resignation, retirement or other termination, or a change in control of the company see "Executive Compensation - Employment Agreements."

Executive Officer Outstanding Equity Awards at Fiscal Year-End

The following table provides certain information concerning any common share purchase options, stock awards or equity ince
plan awards held by each of our named executive officers that were outstanding as of March 31, 2014.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options(#) Exercisable	Number of Securities Underlying Unexercised Options(#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Pl Awards: Market or Payout Valu Unearned Shares, Unit Other Right That Have N Vested
Dean L. Julia (1)	250,000	–	–	$ 1.00	01/03/15	–	–	–	–
	200,000	–	–	$ 1.20	12/28/15	–	–	–	–
	150,000	–	–	$ 1.20	08/22/17	–	–	–	–
	50,000	–	–	$ 1.20	03/01/13	–	–	–	–
	50,000	–	–	$ .65	03/02/19	–	–	–	–
	50,000	–	–	$ .54	03/25/20	–	–	–	–
	200,000	–	–	$ .50	04/07/20	–	–	–	–
	100,000	–	–	$ .26	02/28/21	–	–	–	–
	100,000	–	–	$ .61	02/28/22	–	–	–	–
	50,000	–	–	$ .25	02/13/23	–	–	–	–
	100,000	–	–	$ .38	03/01/23	–	–	–	–

	1,500,000	–	–	$ .30	01/10/24	–	–	–	–
	100,000	–	–	$ .59	03/01/24	–	–	–	–
	100,000	–	–	$ .59	03/03/24	–	–	–	–
Michael D. Trepeta (1)	50,000	_	–	$ .25	02/13/23	–	–	–	–
	100,000	–	–	$ .38	03/01/23	–	–	–	–
	250,000	–	–	$ 1.00	01/03/15	–	–	–	–
	200,000	–	–	$ 1.20	12/28/15	–	–	–	–
	150,000	–	–	$ 1.20	08/22/17	–	–	–	–
	50,000	–	–	$ 1.20	03/01/13	–	–	–	–
	50,000	–	–	$ .65	03/02/19	–	–	–	–
	50,000	–	–	$ .54	03/25/20	–	–	–	–
	200,000	–	–	$ .50	04.07/20	–	–	–	–
	100,000	–	–	$ .26	02/28/21	–	–	–	–
	100,000	–	–	$ .61	02/28/21	–	–	–	–
	50,000	–	–	$ .25	02/13/23	–	–	–	–
	100,000	–	–	$ .38	03/01/23	–	–	–	–
	1,500,000	–	–	$ .30	01/10/24	–	–	–	–
	100,000	–	–	$ .59	03/01/24	–	–	–	–
	100,000	–	–	$ .59	03/03/24	–	–	–	–
Sean Trepeta (2)	50,000	–	–	$ .75	05/07/22	–	–	–	–
	100,000	–	–	$ .38	03/01/23	–	–	–	–
	100,000	–	–	$ .59	03/03/24	–	–	–	–

(1) All options contain cashless exercise provisions and are currently fully vested.

(2) Sean Trepeta owns warrants to purchase 150,001 shares which are not granted under a compensation plan, which warrants purchased from the Company as part of a private placement offering which was primarily sold to non-affiliated persons.

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Employment Agreements

Each of the following executive officers is a party to an employment agreement with the Company.

Name	**Position**	**Monthly Salary (1)**	**Bonus**
Dean L. Julia	Co-Chief Executive Officer	$ 30,000	(2)
Michael D. Trepeta	Co-Chief Executive Officer	$ 30,000	(2)

(1) Compensation of each executive officer named in the table above has his monthly base salary increased by $2,000 each subsequent March 1st during the term of the agreement and any extensions thereof. The next scheduled salary increase to $32,000 per month is scheduled to occur on March 1, 2015.

(2) Annual bonuses are paid by us by the last business day of March for the preceding calendar (fiscal) year, except in the even termination prior to the end of any fiscal year (other than termination for cause), a pro rata portion of the annual bonus shal paid within 30 days of termination. In 2013, the Company approved amending the employment agreements of Messrs. Julia Trepeta to provide that each officer may choose an annual bonus equal to 5% of pre-tax earnings for the most recently completed year before deduction of annual bonuses paid to officers or, in the event majority control of the Company is acqu by a person or a group of persons during the prior fiscal year, the officer may choose to receive the aforementioned bonus o 1% of the control consideration paid by acquirer(s) to acquire majority control of the Company.

A summary of each Executive's employment agreement, as amended, is as follows:

Each Executive's Employment Agreement has a term of five years and automatically renews for a period of one year thereafte effective on March 1st of each new calendar year unless the Employment Agreement is terminated in accordance with its term or prior to December 30th of the prior calendar year. Each Executive's Employment Agreement currently expires on February 2019. Each Executive may terminate his Employment Agreement upon written three-month notice. In such event, the Compar shall be relieved of all of its obligations under the Agreement, except for payment of the Executive's Base Salary and Annual Bonus earned and unpaid through the effective date of termination, those obligations with respect to indemnification and direc and officer insurance and severance pay as described below.

We may terminate the Executive's employment for cause ("Cause") as defined in the Agreement. In the event this Agreement terminated for cause, the Executive's Base Salary and any unearned Annual Bonus, severance pay and all benefits shall termin immediately upon such discharge, and we shall have no further obligations to the Executive except for payment and reimbursement for any monies due which right to payment or reimbursement accrued prior to such termination.

We may terminate this Agreement upon the disability as defined in the Agreement or death of the Executive by giving written notice to the Executive. In the case of disability, such termination will become effective immediately upon the giving of such notice unless otherwise specified by us. Upon any such termination, we shall be relieved of all our obligations under the Executive's employment, except for payment of the Executive's Base Salary and Annual Bonus earned and unpaid through th effective date of termination and severance pay.

In the event of termination by the Company of Executive's Employment Agreement without cause, then the Executive shall be entitled to receive on the termination date termination pay of one-year base salary based upon the scheduled annual salary of e executive officer for the next contract year, plus the amount of bonuses paid or entitled to be paid to the executive for the curr fiscal year or the preceding fiscal year, whichever is higher. In the event of termination, the executives will continue to receiv salary and benefits included in the employment agreement through the scheduled expiration date of said employment agreeme prior to the acceleration of the termination date thereof.

We have agreed to defend and indemnify each Executive in his capacity as an officer against all claims, judgments, damages, liabilities, costs and expenses (including reasonable attorney's fees) arising out of, based upon, or related to his performance o services to us, to the maximum extent permitted under law. We will also use our reasonable best efforts to include each Execu as an insured under all applicable directors' and officers' liability insurance policies maintained by us.

Each Executive is currently entitled to the following additional benefits:

- $2,000 per month pay raise on each March 1 during the term of the Agreement and any extension thereof;
- As an executive officer, the annual grant on March 1 of each year of ten-year stock options to purchase 100,000 shares at an exercise price equal to the then fair market value of our common stock as determined by the Board. As a director of the Comp each Executive also receives the number of options granted annually to each Board member;
- Election to the Board of Directors and during the term of employment, the Board's nomination for re-election to the Board;
- Paid disability insurance and term life insurance for the benefit of each Executive's family in an amount fixed by the Board a cost not to exceed $10,000 per annum;
- Use of company automobile with all related costs paid for by us;
- Health insurance;
- Right to participate in any pensions of our company;
- Health insurance; and
- Right to participate in any pensions of our company.

Additional Compensation

In the past, the Company agreed to compensate Dean Julia and Michael Trepeta with options to purchase 1,500,000 shares of Mobiquity Network Inc.'s common stock, exercisable at $.01 per share in the event such entity raised financing as a stand-alo enterprise for its operations. In order to terminate this compensation, in January 2014, the Board of Directors exchanged its promise of options to Messrs. Julia and Trepeta for an equivalent number of options in the Company at the then fair market va of the Company's Common Stock, under the Company's 2009 Stock Option Plan as described below.

Employment Arrangements

Sean Trepeta became President of Mobiquity Networks in 2011. As of March 1, 2014, Mr. S. Trepeta, who is an employee "at is currently earning between $10,000 and $20,000 per month with the amount determined each month by Management.

DIRECTOR COMPENSATION

Stock Options

Stock options and equity compensation awards to our non-employee / non-executive directors are at the discretion of the Boar

Cash Compensation

Our non-employee / non-executive director is eligible to receive a fee of $500 to be paid for attending each Board meeting; however, no fees were paid in 2013. Mr. Arnost received consulting fees of $30,000 in fiscal 2013, $10,000 of which pertained his services in fiscal 2012.

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Travel Expenses

All directors shall be reimbursed for their reasonable out of pocket expenses associated with attending the meeting.

The following table shows the overall compensation earned for the 2013 fiscal year with respect to each non-employee and non-executive director as of December 31, 2013.

DIRECTOR COMPENSATION

Name and Principal Position	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($) (1)	Non-Equity Incentive Plan Compensation ($) (2)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (3)	Tota ($)
Thomas Arnost, Director (4)	$30,000	–	$43,857	–	–	2,463	$76,
Robert Hussey, Former Director (4)	$–	–	$37,407	–	–	–	$37,
Domenico Iannucci, Former Director (4)	$–	–	$6,450	–	–	–	$6,4

(1) The restricted stock awards and options presented in this table for 2013 reflect the full grant date fair value as if the total do amount were earned in the year of grant. As a general rule, for time-in-service-based options, the Company will immediate expense any restricted stock awards and option or portion thereof which is vested upon grant, while expensing the balance pro rata basis over the remaining vesting term of the restricted stock awards and options.

(2) Excludes awards or earnings reported in preceding columns.

(3) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits property, unless the aggregate amount of such compensation is less than $10,000; (ii) any “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purch from the company except to the extent available generally to all security holders or to all salaried employees; (iv) any amou paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unveste defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life insurance for benefit of the director; (vii) any consulting fees earned, or paid or payable; (viii) any annual costs of payments and promise payments pursuant to a director legacy program and similar charitable awards program; and (ix) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a prece

column.

(4) On February 13, 2013, the Board of Directors granted each of the Company's five directors options to purchase 50,000 sha Common Stock, exercisable at $.25 per share through February 13, 2023. Messrs. Arnost and Iannucci were directors at the time of the aforementioned grant. On December 13, 2013, the Board of Directors granted Mr. Arnost options to purchase 250,000 shares exercisable at $.40 per share over a period of ten years. On the same date, Mr. Hussey received identical op to those issued to Mr. Arnost, subject to his acceptance to serve as a Board member, except that Mr. Hussey's options were scheduled to vest until December 1, 2014. However, when Mr. Hussey resigned from the board in February 2014, the Company's board agreed to vest his options.

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Employee Benefit and Consulting Services Compensation Plans

On January 3, 2005, our company established an Employee Benefit and Consulting Services Compensation Plan (the "2005 Pl covering 2,000,000 shares, which 2005 Plan was ratified by our stockholders on February 9, 2005. On August 12, 2005, the company's stockholders approved a 2,000,000 share increase in the 2005 Plan to 4,000,000 shares. On August 28, 2009, the B adopted the "2009 Plan" identical to the 2005 Plan with 4,000,000 shares under the 2009 Plan. In September 2013, the Compa stockholders ratified a board amendment to increase the number of shares covered by the 2009 Plan to 10,000,000 shares. All references to "the Plans" include the 2005 Plan and 2009 Plan. As the 2005 and 2009 Plans are identical other than the numbe shares covered by each Plan, it is the Company's intention to first utilized the number of shares issuable (available) under the Plan prior to issuing shares under the 2009 Plan.

Administration

Our board of directors administers the Plans, has the authority to determine and designate officers, employees, directors and consultants to whom awards shall be made and the terms, conditions and restrictions applicable to each award (including, but limited to, the option price, any restriction or limitation, any vesting schedule or acceleration thereof, and any forfeiture restrictions). The board may, in its sole discretion, accelerate the vesting of awards.

Types of Awards

The Plans are designed to enable us to offer certain officers, employees, directors and consultants of us and our subsidiaries eq interests in us and other incentive awards in order to attract, retain and reward such individuals and to strengthen the mutuality interests between such individuals and our stockholders. In furtherance of this purpose, the Plans contain provisions for granti non-statutory stock options and incentive stock options and common stock awards.

Stock Options. A "stock option" is a contractual right to purchase a number of shares of common stock at a price determined o date the option is granted. An incentive stock option is an option granted under the Internal Revenue Code of 1986 to our employees with certain tax advantages to the grantee over non-statutory stock options. The option price per share of common s purchasable upon exercise of a stock option and the time or times at which such options shall be exercisable shall be determine by the Board at the time of grant. Such option price in the case of incentive stock options shall not be less than 100% of the fai market value of the common stock on the date of grant and may be granted below fair market value in the case of non-statutor stock options. Incentive stock options granted to owners of 10% or more of our common stock must be granted at an exercise of at least 110% of the fair market value of our common stock and may not have a term greater than five years. Also, the value incentive options vesting to any employee cannot exceed $100,000 in any calendar year. The option price of our options must paid in cash, money order, check or common stock of the company. The non-statutory stock options may also contain at the ti of grant, at the discretion of the board, certain other cashless exercise provisions. These cashless exercise provisions are incluc

in the currently outstanding non-statutory stock options granted by the board.

Options shall be exercisable at the times and subject to the conditions determined by the Board at the date of grant, but no opti
may be exercisable more than ten years after the date it is granted. If the optionee ceases to be an employee of our company fo
any reason other than death, any incentive stock option exercisable on the date of the termination of employment may be exerc
for a period of thirty days or until the expiration of the stated term of the option, whichever period is shorter. In the event of th
optionee's death, any incentive stock option exercisable at the date of death may be exercised by the legal heirs of the optionee
from the date of death until the expiration of the stated term of the option or six months from the date of death, whichever even
first occurs. In the event of disability of the optionee, any incentive stock options shall expire on the stated date that the Optio
would otherwise have expired or 12 months from the date of disability, whichever event first occurs. The termination and oth
provisions of a non-statutory stock option shall be fixed by the board of directors at the date of grant of each respective option

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Common Stock Award. Common stock awards are shares of common stock that will be issued to a recipient at the end of a restriction period, if any, specified by the board if he or she continues to be an employee, director or consultant of us. If the recipient remains an employee, director or consultant at the end of the restriction period, the applicable restrictions will lapse a we will issue a stock certificate representing such shares of common stock to the participant. If the recipient ceases to be an employee, director or consultant of us for any reason (including death, disability or retirement) before the end of the restrictio period unless otherwise determined by the board, the restricted stock award will be terminated.

Awards

As of March 31, 2014, the Company has granted under the Plans a total of 9,430,000 options and outside the Plans a total of 2,300,000 options or a total of options to purchase 11,730,000 shares of the Company's Common Stock. The board has grante options with varying terms.

It is not possible to predict the individuals who will receive future awards under the Plans or outside the Plans or the number o shares of Common Stock covered by any future award because such awards are wholly within the discretion of the Board. Th table below contains information as of December 31, 2013 on the known benefits provided to certain persons and group of pe who own options under or outside the Plans.

	Number of Shares Subject to Options	**Range of Exercise Price ($) per Share**	**Value of Unexercised Options at March 31, 2014 (1)**
Dean L. Julia, Co-CEO	3,000,000	.25 - 1.20	$ 364,250
Michael D. Trepeta, Co-CEO	3,000,000	.25 - 1.20	$ 364,250
Sean McDonnell, Chief Financial officer	300,000	1.00	$ 2,500
Sean Trepeta, President, Mobiquity Networks	250,000	.25 -.75	$ 11,000
Four Executive Officers as a group	6,550,000	.25 - 1.20	$ 742,000

Thomas Arnost, Director	650,000	.30 - .75	$ 34,500
Robert Hussey, Former Director	250,000	.40	$ 22,500
Non-Executive Officer, Employees and Consultants	1,980,000	.30-$ 1.20	

(1) Value is normally calculated by multiplying (a) the difference between the market value per share at period end (i.e. $.49 based upon a last sale on (or the last trade date before) March 31, 2014) and the option exercise price by (b) the number of shares of Common Stock underlying the option.

In the past, the Company has granted certain employees and consultants' stock awards for services for the prior year with vest occur after the passage of an additional 12 months. These awards totaled 45,000 Shares for 2008, subject to continued services with the Company through December 31, 2009. These awards totaled 51,000 Shares for 2009 subject to continued services wi the Company through December 31, 2010. These awards totaled 105,000 Shares for 2010 subject to continued services with t Company through December 31, 2011. These awards totaled 45,000 shares for 2011, subject to continued services with the Company through December 31, 2012. A total of 203,500 shares were issued under the 2005 Plan pursuant to the stock award program described above (net of cancellations). No stock awards were granted in fiscal 2012 or fiscal 2013.

Eligibility

Our officers, employees, directors and consultants of Mobiquity and our subsidiaries are eligible to be granted stock options, a common stock awards.

Termination or Amendment of the Plans

The board may at any time amend, discontinue, or terminate all or any part of the Plans, provided, however, that unless otherw required by law, the rights of a participant may not be impaired without his or her consent, and provided that we will seek the approval of our stockholders for any amendment if such approval is necessary to comply with any applicable federal or state securities laws or rules or regulations.

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Security Ownership of Certain Beneficial Owners and Management

As of April 7, 2014, the Company had outstanding 61,690,582 shares of Common Stock. The only persons of record who presently hold or are known to own (or believed by the Company to own) beneficially more than 5% of the outstanding shares such class of stock is listed below. The following table also sets forth certain information as to holdings of the Company's Common Stock of all officers and directors individually, and all officers and directors as a group.

Name and Address of Beneficial Owner (1)

Officers and Directors:	**Number of Common Shares**	**Percentage**
Michael D. Trepeta (2)	2,316,402	3.6
Dean L. Julia (2)	2,286,901	3.6
Sean McDonnell (3)	550,001	*
Sean Trepeta (4)	1,350,001	2.2
Thomas Arnost (5)	4,223,336	6.7
All directors and officers as a group (five persons) (6)	14,126,641	20.4
Clyde Berg (7)	6,800,000	11.0

*Represents less than 1%

(1) Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amende and is generally determined by voting powers and/or investment powers with respect to securities. Unless otherwise notec of such shares of common stock listed above are owned of record by each individual named as beneficial owner and such individual has sole voting and dispositive power with respect to the shares of common stock owned by each of them. Sucl person or entity's percentage of ownership is determined by assuming that any options or convertible securities held by su person or entity, which are exercisable within sixty (60) days from the date hereof, have been exercised or converted as th case may be, but not for the purposes of determining the number of outstanding shares held by any other named beneficial owner. All addresses are c/o Mobiquity Technologies, Inc. 600 Old Country Road, Suite 541, Garden City, NY 11530.

(2) Mr. Trepeta's beneficial ownership includes 1,016,402 shares and options to purchase 3,000,000 shares. Mr. Julia's benefi ownership includes 986,901 shares and options to purchase 3,000,000 shares.

(3) Includes 166,667 shares and options/warrants to purchase 383,334 shares.

(4) Includes 1,000,000 shares and options/warrants to purchase 350,001 shares.

(5) Includes 1,500,002 shares, warrants to purchase 1,000,001 shares, options to purchase 650,000 shares and a note in the principal amount of $322,000 convertible into 1,073,333 shares.

(6) Includes 4,669,972 shares of Common Stock and options/warrants to purchase 8,383,336 shares, plus notes convertible int 1,073,333 shares.

(7) Includes 4,816,667 shares and warrants to purchase 1,983,334 shares. Mr. Berg's beneficial ownership excludes 666,667 s and 333,333 warrants owned in a charitable remainder trust in which Mr. Berg has no pecuniary interest or right to vote.

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CERTAIN TRANSACTIONS

Transactions with Officers and Directors

The following describes transactions between the Company and its officers and directors for the past two fiscal years:

Please see the sections titled “Employment Agreements”, “Employment Arrangements” and “Executive Compensation: above description of compensation and employment agreements or arrangements paid or options/warrants granted to Dean Julia, Co-CEO of the Company, Michael Trepeta, Co-CEO of the Company, and Sean Trepeta, President of Mobiquity Networks. S McDonnell, Chief Financial Officer of the Company, also receives a salary below the amount required of disclosure under “Executive Compensation.”

In March 2012, the Company granted each of Dean L. Julia and Michael Trepeta 10 year options to purchase 100,000 shares exercisable at $.61 per share.

In May 2012, the Company granted each of Messrs. Iannucci, S. Trepeta, and Arnost options to purchase 50,000 shares exercisable at $.75 per share over a term of 10 years.

In July 2012, the Company approved and in January 2013, the Company implemented amending the employment agreements Messrs. Julia and M. Trepeta to expire on February 28, 2017, subject to an automatic one year renewal on March 1, 2013 and each March 1st thereafter, unless the Employment Agreement is terminated in accordance with its terms on or before Decembe 30th of the prior calendar year.

During 2013, the Company raised $5,533,500 in gross proceeds from the sale of its Common Stock at $.30 per share. Pursuant said offering, the Company sold 18,445,000 shares of its Common Stock and Class BB Warrants to purchase 9,222,500 shares Common Stock exercisable at $.50 per share through December 15, 2017. A total of $150,000 of commissions was paid to a licensed member of FINRA together with Warrants to purchase 625,000 shares. Exemption from registration for the sale of the aforementioned securities is claimed under Rule 506 of Regulation D promulgated pursuant to Section 4(2) of the Securities A 1933, as amended. Thomas Arnost, a director of the Company, and Sean Trepeta, an officer and director of the Company, purchased $200,000 and $90,000, respectively, of securities pursuant to said offering.

On February 13, 2013, the Company granted each of its five directors 10-year options to purchase 50,000 shares of Common Stock, exercisable at $.25 per share.

On March 1, 2013, the Company granted each of Dean L. Julia and Michael Trepeta 10 year options to purchase 100,000 share exercisable at $.38 per share.

On December 13, 2013, the Company granted each of Thomas Arnost and Robert Hussey, 10-year options to purchase 250,00 shares exercisable at $.40 per share. Mr. Arnost's options were fully vested at the time of grant. Mr. Hussey, who joined the bo of directors in December 2013 and resigned from the board of directors in February 2014, had his options fully vested as of th date of his resignation.

On January 10, 2014, the Company granted Sean McDonnell options to purchase 250,000 shares at $.50 per share through Jan 10, 2014. On the same date, the Board approved Dean L. Julia and Michael Trepeta exchanging their options to purchase 1,500,000 shares of Mobiquity Networks Inc. Common Stock at $.01 per share for identical 10 year options under the Compan 2009 stock option plan at an exercise price of $.30 per share.

On March 1, 2014, the Company granted each of Dean L. Julia and Michael Trepeta 10 year options to purchase 100,000 share exercisable at $.59 per share.

On March 3, 2014, the Company granted each of its five directors 10-year options to purchase 50,000 shares of Common Stoc exercisable at $.59 per share.

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INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Our Articles of Incorporation provide that it will indemnify its officers and directors to the full extent permitted by New York law. Our By-laws provide that we will indemnify and hold harmless our officers and directors for any liability including reasonable costs of defense arising out of any act or omission taken on our behalf, to the full extent allowed by New York law the officer or director acted in good faith and in a manner the officer or director reasonably believed to be in, or not opposed to best interests of the corporation.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act" or "Securities Act") may be permi directors, officers or persons controlling us pursuant to the foregoing provisions, or otherwise, we have been advised that in th opinion of the SEC, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

LEGAL MATTERS

The validity of the shares of our common stock offered by the Selling Stock Holders has been passed upon by the law firm of Morse & Morse, PLLC, 1400 Old Country Road, Suite 302, Westbury, NY 11590.

EXPERTS

The consolidated financial statements of Mobiqutiy Technologies, Inc. as of December 31, 2013, appearing in the prospectus a registration statement have been audited by Peter Messineo &
Co., CPAs LLC, an independent registered public accounting firm, as set forth in their report thereon appearing elsewhere her and are included in reliance upon such report on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Ace Marketing & Promotions, Inc. as of December 31, 2012, appearing in the prospe and registration statement have been audited by DKM Certified Public Accountants, an independent registered public account firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report on the autho of such firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

We have filed a registration statement on Form S-1 under the Securities Act of 1933, as amended, relating to the shares of common stock being offered by this prospectus, and reference is made to such registration statement. This prospectus constitu the prospectus of Mobiquity Technologies, Inc. filed as part of the registration statement, and it does not contain all informatio the registration statement, as certain portions have been omitted in accordance with the rules and regulations of the SEC.

We are subject to the informational requirements of the Securities Exchange Act of 1934, which requires us to file reports, pro statements and other information with the SEC. Such reports, proxy statements and other information may be inspected at pub reference facilities of the SEC at 100 F Street, N.E., Washington D.C. 20549. Copies of such material can be obtained from th Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. Because we file documents electronically with the SEC, you may also obtain this information by visiting the SEC's Internet website at http://www.sec.gov.

MOBIQUITY TECHNOLOGIES, INC.

FORMERLY KNOWN AS ACE MARKETING & PROMOTIONS, INC.

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Messineo & Co., CPAs LLC

2471 N McMullen Booth Road, Suite. 302

Clearwater, FL 33759-1362

T: (518) 530-1122

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

Mobiquity Technologies, Inc.

(formerly known as Ace Marketing & Promotions, Inc.)

Garden City, NY

We have audited the accompanying consolidated balance sheet of Mobiquity Technologies, Inc. (formerly known as Ace Marketing & Promotions, Inc.) (the "Company") for the year ended December 31, 2013 and the related consolidated statement operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Th standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal contr over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing a procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of t Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, o test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statemen presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial posi
of Mobiquity Technologies, Inc. (formerly known as Ace Marketing & Promotions, Inc.) as of December 31, 2013 and the res
of its consolidated operations and cash flows for the year then ended, in conformity with accounting principles generally accep
in the United States of America.

Messineo & Co., CPAs, LLC

Clearwater, Florida

March 3, 2014

DKM Certified Public Accountants

2451 N. McMullen Booth Road, Suite 308

Clearwater Florida 33759-1362

727.444.0931

www.dkmcpas.com

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

Mobiquity Technologies, Inc.

(formerly known as Ace Marketing & Promotions, Inc.)

Garden City, NY

We have audited the accompanying consolidated balance sheet of Mobiquity Technologies, Inc. (formerly known as Ace Marketing & Promotions, Inc.) (the "Company") for the year ended December 31, 2012 and the related consolidated statement operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Th standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal contr over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing a procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of th Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, o test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statemen presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial posi of Ace Marketing & Promotions, Inc. as of December 31, 2012 and the results of its consolidated operations and cash flows fo

year then ended, in conformity with accounting principles generally accepted in the United States of America.

DKM Certified Public Accountants

Clearwater, Florida

February 18, 2013

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MOBIQUITY

TECHNOLOGIES, INC.

Consolidated Balance Sheets December 31,	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	$1,740,989	$362,598
Accounts receivable, net of allowance for doubtful accounts of $30,000 and $20,000 as of December 31, 2013 and 2012, respectively	**433,856**	444,262
Inventory	109,073	92,615
Prepaid expenses and other current assets	141,921	170,960
Total Current Assets	2,425,839	1,070,43
Property and equipment, net of accumulated depreciation of $596,035 and $378,190 as of December 31, 2013 and 2012, respectively	466,772	581,567
Intangible assets, net of accumulated amortization of $153,416 and $83,333 as of December 31, 2013 and 2012, respectively	301,784	166,667
Other Assets	34,109	27,501
Total Assets	$3,228,504	$1,846,17
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$485,401	$348,712
Accrued expenses	177,943	160,098
Convertible promissory note	322,000	298,376
Total Current Liabilities	985,344	807,186
Commitments and Contingencies	–	–
Stockholders' Equity:		
Preferred Stock, $.0001 par value; 5,000,000 shares authorized, zero and 220,000 shares issued and outstanding at December 31, 2013 and December 31, 2012 respectively	**–**	22
Common stock, $.0001 par value; 200,000,000 and 100,000,000 shares authorized; 52,402,247 and 30,252,938 shares issued and outstanding at 2013 and 2012, respectively	**5,240**	3,025
Additional paid-in capital	21,948,920	14,485,7
Stock subscription receivable	(175,000)	–
Accumulated other comprehensive income (loss)	1,268	–
Accumulated deficit	(19,505,767)	(13,418,
	2,274,661	1,070,48

Less: Treasury Stock, at cost, 23,334 shares	(31,501)	(31,501
Total Stockholders' Equity	2,243,160	1,038,98
Total Liabilities and Stockholders' Equity	$3,228,504	$1,846,17

See auditor's report and notes to the consolidated financial statements.

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MOBIQUITY

TECHNOLOGIES, INC.

Consolidated Statements of Operations Years Ended December 31,	2013	2012
Revenues, net	$3,157,532	$2,890,652
Cost of Revenues	2,353,095	2,170,265
Gross Profit	804,437	720,387
Operating Expenses:		
Selling, general and administrative expenses	6,665,082	4,667,122
Total Operating Expenses	6,665,082	4,667,122
Loss from Operations	(5,860,645)	(3,946,735)
Other Income (Expense):		
Interest expense	(227,094)	(182,943)
Interest income	274	436
Loss on abandonment of fixed assets		(4,819)
Total Other Income (Expense)	(226,820)	(187,326)
Net Loss	$(6,087,465)	$(4,134,061)
Net Loss Per Common Share:		
Basic	$(0.13)	$(0.16)
Weighted Average Common Shares Outstanding:		
Basic	42,438,849	26,216,795

See auditor's report and notes to the consolidated financial statements.

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MOBIQUITY

TECHNOLOGIES, INC.

Consolidated Statement of Stockholders' Equity

Years Ended December 31,

	Total Stockholders'	Preferred Stock		Common Stock		Additional Paid-in	Stock	Accumulated Other Comprehens Income (Loss)
	Equity	Shares	Amount	Shares	Amount	Capital	Subscription	(Loss)
Balance, at December 31, 2011	$1,683,993			23,284,236	$2,328	$10,997,407		
Stock Purchase	1,752,240			4,208,872	434	1,751,806		
Stock Grant	1,210,911			1,926,496	179	1,210,732		
Stock Purchase Preferred	470,000	470,000	47	–	–	469,953		
Conversion of Preferred Stock	–	(250,000)	(25)	833,334	84	(59)		
Option Grant	219,647					219,647		
Warrant Grant	50,684					50,684		
Beneficial Conversion Feature	120,254					120,254		
Closing Costs on equity issuance	(334,684)					(334,684)		
Net Loss	(4,134,061)							
Balance, at December 31, 2012	$1,038,984	$220,000	$22	30,252,938	$3,025	$14,485,740	$–	$–
Stock Purchase	5,562,816	–	–	19,125,006	1,913	5,735,903	(175,000)	

Offering costs	(182,184)	–	–	–	–	(182,184)		
Stock Grant	1,048,091	–	–	2,402,969	240	1,047,851		
Option Grant	716,983	–	–	–	–	716,983		
Warrant Grant	–	–	–	–	–	–		
Stock Cancel	–	–	–	–	–	–		
Conversion of preferred stock	–	(220,000)	(22)	528,000	53	(31)		
Conversion of debt	28,000	–	–	93,334	9	27,991		
Beneficial Conversion Feature	116,667	–	–	–	–	116,667		
Net Loss	(6,086,197)	–	–	–	–			1,268
Balance, at December 31, 2013	$2,243,160	–	$–	52,402,247	$5,240	$21,948,920	$(175,000)	$1,268

See auditor's report and notes to the consolidated financial statements.

MOBIQUITY

TECHNOLOGIES, INC.

Consolidated Statements of Cash Flows Years Ended December 31,	2013	2012
Cash Flows from Operating Activities:		
Net loss	$(6,087,465)	$(4,134,061)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	289,289	233,825
Stock-based compensation	1,765,074	1,481,242
Beneficial conversion feature	116,667	120,254
Amortization of deferred financing costs	51,624	32,851
Loss on sale of assets		4,819
Changes in operating assets and liabilities:		
(Increase) decrease in operating assets:		
Accounts receivable	10,406	90,662
Inventory	(16,458)	8,077
Prepaid expenses and other assets	22,431	51,233
Increase (decrease) in operating liabilities:		
Accounts payable	136,689	(51,211)
Accrued expenses	17,845	38,276
Increase (decrease) in foreign assets and liabilities, currency translation	1,268	–
Total adjustments	2,394,835	2,010,028
Net Cash Used in Operating Activities	(3,692,630)	(2,124,033)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(104,411)	(272,013)
Acquisition of intellectual property	(205,200)	
Net Cash Used in Investing Activities	(309,611)	(272,013)
Cash Flows from Financing Activities:		
Proceeds from Loan	–	265,525
Principal payments on Loan	–	–
Proceeds from issuance of stock	5,380,632	1,887,556
Net Cash Provided by Financing Activities	5,380,632	2,153,081
Net Increase (Decrease) in Cash and Cash Equivalents	1,378,391	(242,965)
Cash and Cash Equivalents, beginning of period	362,598	605,563
Cash and Cash Equivalents, end of period	$1,740,989	$362,598
Supplemental Disclosure Information:		
Cash paid for interest	$58,803	$62,689
Cash paid for taxes	$–	$–

Non-cash Disclosures:		
Financing and extinguishment of debt	$350,000	$–
Exchanged debt for common shares	$28,000	$–

See auditor's report and notes to the consolidated financial statements.

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MOBIQUITY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS –

On September 10, 2013, Mobiquity Technologies, Inc. changed its name from Ace Marketing & Promotions, Inc. (the "Compa
or "Mobiquity").

Mobiquity Technologies, Inc. is an advertising technology (Ad Tech) company focusing on connecting Fans (consumers) and Brands through a single platform utilizing Online, Social and Mobile. Mobiquity leverages leading edge mobile technologies including Bluetooth (Push & Beacon BLE), Wi-Fi, NFC (Near Field Communications) and QR (Quick Response) code and employs propriety devices through retail environments to build physical networks. Assets are managed in a single platform creating a new class of consumer engagement and data intelligence.

Mobiquity Technologies has developed and acquired a number of innovative marketing technologies, spanning location-based mobile marketing, mobile customer data analytics, web content and customer relationship management, that it will continue to leverage through its two wholly-owned U.S. subsidiaries: Mobiquity Networks and Ace Marketing & Promotions and Mobiqu
Wireless SLU, a company incorporated in Spain.

Ace Marketing, Inc., which recently changed its name to its parent corporation’s old name, namely, Ace Marketing & Promoti
Inc. (“AMI”), is an Integrated Marketing Company focused on marketing process analysis and technology-based growth accel
strategies. AMI offers Brand Analysis & Development, Website Analysis & Development, Database Analysis & Building, and Integrated Marketing Campaigns using: direct mail, email marketing, mobile marketing, promotional products and other medi
that help its clients connect with their customers and acquire new business

Mobiquity Networks, Inc. is a leading provider of hyper-local mobile marketing solutions. Mobiquity is continuing to attempt build one of the nation's largest Location-Based Mobile Marketing networks. Location-Based Mobile Marketing is a mobile marketing tool that delivers rich digital content to any Bluetooth or Wi-Fi enabled device within a 300ft radius of a central terminal. Our technology permits delivery to virtually any mobile device and properly formats each message to ensure that eve

user receives the best possible experience. Results are fully trackable, giving campaigns full performance accountability. We o brands the opportunity to reach millions of consumers with relevant, engaging content that is 100% free to the end user. The Mobiquity network is the largest mall-based Bluetooth network of its kind. It is currently installed in 100 malls across the US, covering each of the top 10 designated marketing areas ("DMA's"), and has the ability to reach approximately 120 million sho visits per month.

Mobiquity Wireless SLU is a corporation incorporated in Spain. This corporation has an office in Spain to support our U.S. operations. See "Note 2" below regarding "Acquisition of Assets of FuturLink."

Agreement with Simon Property Group, L.P.

In April 2011, we signed an exclusive rights agreement with a Top Mall Developer (the "Simon Property Group") to create a location-based mobile marketing network utilizing Bluetooth technology called **Mobiquity Networks**. In August 2013, we amended the original agreement to now provide for a 75 mall agreement by the end of 2013, which contract runs through December 31, 2017 and includes top malls in the Simon Mall portfolio. Through our partnership agreement with Eye Corp., w also are located in 25 Macerich malls. These agreements provide advertisers the opportunity to reach millions of mall visitors p month with mobile content and offers when they are most receptive to advertising messages.

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Our Location-Based Mobile advertising medium is designed to reach on-the-go shoppers via their mobile devices with free ric media content delivered using Bluetooth or Wi-Fi. This advertising medium offers extremely targeted messaging engineered t engage and influence shoppers as they move about the mall environment.

Mobiquity Networks Mobi-units will be strategically positioned in shopping malls near entrances, anchor stores, escalators an other high-traffic, and high dwell-time areas. Mobiquity Networks Mobi-unit placement takes advantage of the opportunity to provide a reminder to consumers and touch them just before making a purchase decision. These units generate high awareness brand recognition at the right time and place.

PRINCIPLES OF CONSOLIDATION - The accompanying consolidated financial statements include the accounts of Mobiqu Technologies, Inc., formerly known as Ace Marketing & Promotions, Inc., and its wholly owned subsidiaries, Mobiquity Networks, Inc., Ace Marketing, Inc., (which has had its name changed to Ace Marketing & Promotions, Inc. and Mobiquity Wireless S.L.U.). All intercompany accounts and transactions have been eliminated in consolidation.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses durin the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS - Effective January 1, 2008, the Company adopted FASB ASC 820, "Fair V Measurements and Disclosures" ("ASC 820"), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require th use of fair value measurements, and establishes a framework for measuring fair value and expands disclosure about such fair v measurements. The adoption of ASC 820 did not have an impact on the Company's financial position or operating results, but expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniq that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1:	Observable inputs such as quoted market prices in active markets for identical assets or liabilities
Level 2:	Observable market-based inputs or unobservable inputs that are corroborated by market data
Level 3:	Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

Cash and cash equivalents include money market securities that are considered to be highly liquid and easily tradable as of December 31, 2013 and 2012. These securities are valued using inputs observable in active markets for identical securities anc therefore classified as Level 1 within our fair value hierarchy.

The carrying amounts of financial instruments, including accounts receivable, accounts payable and accrued liabilities, and promissory note, approximated fair value as of December 31, 2013 and 2012 , because of the relatively short-term maturity of these instruments and their market interest rates.

RECLASSIFICATIONS - Certain amounts in the prior period financial statements have been reclassified to conform to the cu period presentation. These reclassifications had no effect on reported losses.

CASH AND CASH EQUIVALENTS - The Company considers all highly liquid debt instruments with a maturity of three mo or less, as well as bank money market accounts, to be cash equivalents.

CONCENTRATION OF CREDIT RISK - Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of trade receivables and cash and cash equivalents.

Concentration of credit risk with respect to trade receivables is generally diversified due to the large number of entities compri the Company's customer base and their dispersion across geographic areas principally within the United States. The Company routinely addresses the financial strength of its customers and, as a consequence, believes that its receivable credit risk exposu limited.

The Company places its temporary cash investments with high credit quality financial institutions. At times, the Company maintains bank account balances, which exceed FDIC limits. The Company has not experienced any losses in such accounts a believes that it is not exposed to any significant credit risk on cash. Management does not believe significant credit risk exists December 31, 2013 and 2012.

REVENUE RECOGNITION - Revenue is recognized when title and risk of loss transfers to the customer and the earnings pro is complete. In general, title passes to our customers upon the customer's receipt of the merchandise. Revenue is recognized or gross basis since the Company has the risks and rewards of ownership, latitude in selection of vendors and pricing, and bears a credit risk. Advance payments made by customers are included in customer deposits.

The Company records all shipping and handling fees billed to customers as revenues and related costs as cost of goods sold, w incurred.

Additional source of revenue, derived from emails/texts directly to consumers are recognized under contractual arrangements. Revenue from this advertising method is recognized at the time of service provided.

ALLOWANCE FOR DOUBTFUL ACCOUNTS - Management must make estimates of the uncollectability of accounts receivable. Management specifically analyzes accounts receivable and analyzes historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of allowance for doubtful accounts.

INVENTORY – Inventory is recorded at cost (First In, First Out) and is comprised of finished goods. The Company maintains inventory on hand for its largest customer’s frequent order items. All items held are branded for the customer, therefore are no available for public distribution. The Company has an agreement with this customer, for cost recovery, if vendor relationship i terminated. There has been no reserves placed on inventory, based on this arrangement.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are being amortized using the straight-lin method over the estimated useful lives of the related assets or the remaining term of the lease. The costs of additions and improvements, which substantially extend the useful life of a particular asset, are capitalized. Repair and maintenance costs ar charged to expense. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the account and the gain or loss on disposition is reflected in operating income.

LONG LIVED ASSETS - Long-lived assets such as property, equipment and identifiable intangibles are reviewed for impairm whenever facts and circumstances indicate that the carrying value may not be recoverable. When required impairment losses o assets to be held and used are recognized based on the fair value of the asset. The fair value is determined based on estimates o future cash flows, market value of similar assets, if available, or independent appraisals, if required. If the carrying amount of long-lived asset is not recoverable from its undiscounted cash flows, an impairment loss is recognized for the difference betwe the carrying amount and fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risk associated with the recovery of the assets. We did recognize any impairment losses for any periods presented.

WEBSITE TECHNOLOGY - Website technology developed during the year was capitalized for the period of development an testing. Expenditures during the planning stage and after implementation have been expensed in accordance with ASC985.

ADVERTISING COSTS - Advertising costs are expensed as incurred. For the years ended December 31, 2013 and 2012 there were advertising costs of $3,840 and $1,404, respectively.

ACCOUNTING FOR STOCK BASED COMPENSATION. Stock based compensation cost is measured at the grant date fair value of the award and is recognized as expense over the requisite service period. The Company uses the Black-Sholes option-pricing model to determine fair value of the awards, which involves certain subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them ("expected term" estimated volatility of the Company's common stock price over the expected term ("volatility") and the number of options for vesting requirements will not be completed ("forfeitures"). Changes in the subjective assumptions can materially affect estima fair value stock-based compensation, and the related amount recognized on the consolidated statements of operations. Refer t Note 8 "Stock Option Plans" in the Notes to Consolidated Financial Statements in this report for a more detailed discussion.

BENEFICIAL CONVERSIONS - Debt instruments that contain a beneficial conversion feature are recorded as deemed intere the holders of the convertible debt instruments. The beneficial conversion is calculated as the difference between the fair value the underlying common stock less the proceeds that have been received for the debt instrument limited to the value received. T beneficial conversion amount is recorded as interest expense and an increase to additional paid-in-capital. The beneficial conversion has been fully accreted to the face value of the original loan and interest expense has been recognized.

FOREIGN CURRENCY TRANSLATIONS - The Company's functional and reporting currency is the U.S. dollar. We own a subsidiary in Europe. Our subsidiary's functional currency is the EURO. All transactions initiated in EUROs are translated int U.S. dollars in accordance with ASC 830-30, *"Translation of Financial Statements,"* as follows:

(i) Monetary assets and liabilities at the rate of exchange in effect at the balance sheet date.
(ii) Fixed assets and equity transactions at historical rates.
(iii) Revenue and expense items at the average rate of exchange prevailing during the period.

Adjustments arising from such translations are deferred until realization and are included as a separate component of stockhol equity as a component of comprehensive income or loss. Therefore, translation adjustments are not included in determining ne income (loss) but reported as other comprehensive income.

No significant realized exchange gains or losses were recorded since March 7, 2013 (date of acquisition of subsidiary) to December 31, 2013.

INCOME TAXES - Deferred income taxes are recognized for temporary differences between financial statement and income basis of assets and liabilities for which income tax or tax benefits are expected to be realized in future years. A valuation allowance is established to reduce deferred tax assets, if it is more likely than not, that all or some portion of such deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period that inclu the enactment date.

NET INCOME PER SHARE - Basic net income per share is computed by dividing income available to common shareholders the weighted-average number of common shares outstanding. Diluted earnings per share reflect, in periods in which they have dilutive effect, the impact of common shares issuable upon exercise of stock options. The number of common shares potential issuable upon the exercise of certain options and warrants that were excluded from the diluted loss per common share calculat was approximately 26,185,000 and 18,895,000 because they are anti-dilutive, as a result of a net loss for the years ended December 31, 2013 and 2012, respectively.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

We have reviewed the FASB issued Accounting Standards Update ("ASU") accounting pronouncements and interpretations th
that have effectiveness dates during the periods reported and in future periods. The Company has carefully considered the new
pronouncements that alter previous generally accepted accounting principles and does not believe that any new or modified
principles will have a material impact on the corporation's reported financial position or operations in the near term. The
applicability of any standard is subject to the formal review of our financial management and certain standards are under
consideration.

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment, net, consist of the following at December 31:

	USEFUL LIVES	2013	2012
Furniture and Fixtures	5 years	$1,060,084	$955,673
Leasehold Improvements	5 years	4,084	4,084
		1,064,168	959,757
Less Accumulated Depreciation		596,035	378,190
		$466,772	$581,567

Depreciation expense for the years ended December 31, 2013 and 2012 was $219,206 and $183,825, respectively.

NOTE 3: INTANGIBLE ASSETS

Intangible assets, net, consist of the following at December 31:

	USEFUL LIVES	2013	2012
Contractual license	5 years	$250,000	$250,000
Acquisition of intellectual property (FuturLink)	5 years	160,200	–
Website technology development	5 years	45,000	–
		455,200	250,000
Less Accumulated Depreciation		153,416	83,333
		$301,784	$166,667

Future amortization, for the years ending December 31, is as follows:

2013	$91,040
2014	91,040
2015	57,707
2016	41,040
2017	20,957
thereafter	–
	301,784

Amortization expense for the years ended December 31, 2013 and 2012 was $70,083 and $50,000, respectively.

Acquisition of Assets of FuturLink

On March 7, 2013, the Company acquired the assets of FuturLink at a cost of approximately $160,200, which cash was paid fr
the Company's current working capital. These assets include, without limitation, the FuturLink technology (patents and source
codes), trademark(s) and access point (proximity marketing) component parts. At the time of acquisition, FuturLink's assets w
minimal; the purchase price was apportioned to the intellectual property received in exchange. The Company changed its nam
Mobility Networks upon acquisition and is a consolidated component of these financial statements.

NOTE 4: CONVERTIBLE PROMISSORY NOTE

On June 12, 2012, the Company closed on a security agreement (the "Security Agreement") with TCA related to a $350,000 convertible promissory note issued by the Company in favor of TCA (the "Convertible Note"), which Convertible Note was fu by TCA on June 12, 2012. The maturity date of the Convertible Note was December 2013, and the Convertible Note bears inte at a rate of twelve percent (12%) per annum. The Convertible Note is convertible into shares of the Company's common stock price equal to ninety-five percent (95%) of the average of the lowest daily volume weighted average price of the Company's common stock during the five (5) trading days immediately prior to the date of conversion. The Convertible Note may be prep in whole or in part at the Company's option without penalty. The Security Agreement granted to TCA a continuing, first priori security interest in all of the Company's assets, wheresoever located and whether now existing or hereafter arising or acquired Company's wholly-owned subsidiary, Mobiquity Networks, Inc., also entered into a similar Security Agreement and Guaranty Agreement. On December 12, 2013, TCA sold its entire interest in the Company's $350,000 secured promissory note to Thom Arnost, a director of the Company, at face value. Mr. Arnost entered into an amendment to the note to extend the maturity date the note to June 12, 2014, subject to his right to declare the note due and payable at any time in his sole discretion. Also, the interest rate was raised from 12% per annum to 15% and the conversion price of the shares issuable upon conversion of the no was fixed at $.30 per share. The aforementioned note is convertible at the sole discretion of the noteholder. The noteholder immediately converted $28,000 into 93,334 shares of common stock in December 2013. The balance on the note is $322,000 a December 31, 2013 and interest accrued in the amount of $2,158, included in accrued expense.

The Company evaluated the terms of the new note in accordance with ASC Topic No. 815 - 40, *Derivatives and Hedging - Contracts in Entity's Own Stock*. The Company determined that the conversion feature did not meet the definition of a liability therefore did not bifurcate the conversion feature and account for it as a separate derivative liability. The Company evaluated t conversion feature for a beneficial conversion feature. The effective conversion price was compared to the market price on the of the note and was deemed to be less than the market value of underlying common stock at the inception of the note. Therefor the Company recognized a beneficial conversion feature in the amount of $116,667. The beneficial conversion feature was recorded as an increase in additional paid-in capital and recognized interest expense in the period.

NOTE 5: INCOME TAXES

The provision for income taxes for the years ended December 31, 2013 and 2012 is summarized as follows:

	2013	2012
Current:		
Federal	$ –	–
State	–	–
	–	–
Deferred:		
Federal	–	–

State	–	–
	$ –	$ –

The Company has federal and state net operating loss carry forwards of approximately $12,235,000, which can be used to redu
future taxable income through 2030. The Company is open for tax years for the years ended 2008 through present.

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The tax effects of temporary differences which give rise to deferred tax assets (liabilities) are summarized as follows:

	YEARS ENDED DECEMBER 31, 2013	2012
Deferred Tax Assets:		
Net operating loss carry-forwards	$6,698,000	$4,446,000
Stock based compensation	2,605,000	1,939,000
Beneficial Conversion Feature	46,000	46,000
Allowance for doubtful accounts	8,000	8,000
Deferred Tax Assets	9,357,000	6,439,000
Less Valuation Allowance	9,357,000	6,439,000
Net Deferred Tax Asset	$–	$–

A reconciliation of the federal statutory rate to the Company's effective tax rate is as follows:

	YEARS ENDED DECEMBER 31, 2013	2012
Federal Statutory Tax Rate	34.00 %	34.00 %
State Taxes, net of Federal benefit	6.00 %	6.00 %
Change in Valuation Allowance	(40.00%)	(40.00%)
Total Tax Expense	0.00 %	0.00 %

NOTE 6: STOCKHOLDERS' EQUITY

On January 30, 2012, the Company's private placement offering was terminated. Rockwell Global Capital LLC acted as Place Agent. The Company received gross proceeds of $575,000 from the sale of 958,338 shares of Common Stock at a purchase pr of $.60 per share. The private placement offering also included the sale of Warrants to purchase 191,671 shares of Common S exercisable at $.60 per share and expiring on January 18, 2016. The Placement Agent received a $25,000 advisory fee, $51,75 commissions and warrants to purchase 95,833 shares identical to the warrants sold to investors in the offering. Exemption is claimed for the sale of securities pursuant to Rule 506 and/or Section 4(2) of the Securities Act of 1933, as amended.

The Company is required to file a Registration Statement with the Securities and Exchange Commission ("SEC") to register th resale of the shares of Common Stock sold in the private placement offering and the resale of the shares of Common Stock issuable upon exercise of the Class AA Warrants (collectively the "Registrable Shares"). If a Registration Statement covering

Registrable Shares is not filed with the SEC on or before March 15, 2012 or is not declared effective within 120 days of Janua
30, 2012 (subject to a 60 day extension in the event the SEC is performing a full review of the Registration Statement), the
Company shall pay to each investor as liquidated damages, a payment equal to 1.5% of the aggregate amount invested by such
investor in the offering, cumulative for every 30 day period until such Registration Statement has been filed or declared effecti
or a portion thereof, up to a maximum of 15% per annum. The Company, at its sole discretion, elected to pay the liquidated
damage payment in Common Stock. As of December 31, 2012, the Registration Statement has not been filed and the Company
elected to issue the maximum liquidation damages for a period of one year of an aggregate of 197,860 shares.

In April 2012, the Company received $270,000 from the exercise of Warrants and issued 900,000 shares of its Common Stock. Between April 1, 2012 and May 15, 2012, the Company sold 470,000 shares of Series 1 Convertible Preferred Stock at $1.00 per share pursuant to an ongoing plan of financing. The Series 1 Preferred Stock had the following rights, preferences an privileges:

- Automatic Conversion into Common Stock. Each Preferred Share shall automatically convert on March 31, 2013 into shares the Company's Common Stock (the "Common Shares") based on a conversion price of the lower of $.60 per share or an amo equal to 90% of the average closing sales price for the Company's Common Stock on the OTC Bulletin Board (or Pink Shee for the 20 trading days immediately preceding March 31, 2013, with a floor of $.45 per share. The number of shares of Com Stock issuable pursuant to the automatic conversion ranges from a minimum of 366,666 shares to a maximum of 488,888 sh
- Optional Conversion into Common Stock. Commencing July 1, 2012, each Preferred Share shall at the option of the holder become convertible into Common Shares based on a conversion price of the lower of $.60 per share or 85% of the average closing sales price for the Company's Common Stock on the OTC Bulletin Board (or Pink Sheets) for the 20 trading days immediately preceding the Conversion Date, with a floor of $.45 per share. The number of shares of Common Stock issuable pursuant to the optional conversion ranges from a minimum of 366,666 shares to a maximum of 488,888 shares.
- Conversion Premium. Upon calculation of the number of Common Shares, the Preferred Shareholder is entitled to receive up conversion of Series 1 Preferred Stock into Common Stock; the investor will receive an additional 8% premium. Accordingl once the number of Common Shares is determined based upon the automatic conversion or optional conversion formulas set forth above, the investor will have that number of Common Stock multiplied by 1.08 (i.e. 108%) to determine the actual num of Common Shares to be issued upon conversion.
- Voting. The Preferred Shares shall have no voting rights until converted into Common Shares, except as otherwise required b applicable state law.
- Dividends. The Preferred Shares shall have no dividend rights until converted into Common Shares, except as otherwise requ by applicable state law.
- Liquidation Preference. The Preferred Shares shall have no liquidation preference and shall be treated the same as a holder o Common Shares.
- Call Option. The Company may call the Preferred Shares for redemption at a price of $1.08 per share at any time on or after 1, 2012, subject to the investor's right of conversion upon no less than 10 days prior written notice of redemption to each Preferred Shareholder, which notice may only be provided to the holders so long as the Company completes a financing or se of financings totaling at least $2 million in gross proceeds (excluding monies raised from the sale of the Series 1 Preferred Stock).

On July 10, 2012, the Company sold 1,347,201 shares of its Common Stock to various investors at $.45 per share subject to ce anti-dilution rights for a period of twenty four months. Due to the Company's November 2012 offering at $.30 per share as described below, the Company issued an additional 673,598 shares pursuant to the aforementioned anti-dilution rights. The Company received gross proceeds of $606,240 before offering costs. Each investor received Fixed Price Warrants to purchase 50% of the number of shares of Common Stock purchased in the Offering. The Fixed Price Warrants are exercisable at any tin from the date of issuance through July 10, 2017 at an exercise price of $.55. Each investor also received a Warrant to purchase 20% of the number of shares that were purchased in the Offering (the "Milestone Warrants"). The Milestone Warrants provide they would automatically be exercised without any additional consideration to be paid in the event the Company reports audite gross revenues of less than $5,000,000 for the period July 1, 2012 through June 30, 2013 unless the volume weighted average price for the Company's Common Stock exceeds $1.00 per share for a period of at least 30 trading days prior to January 5, 20 August 2013, the Company issued 258,327 shares of Common Stock pursuant to the Milestone Warrants without any cash consolidation being paid. Exemption from registration for the sale of securities is claimed under Rule 506 of Regulation D promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended.

In November, 2012, the Series 1 preferred stock investors who invested an aggregate of $250,000 in April 2012 at a $1 per sha
agreed to convert their 250,000 preferred shares into an aggregate of 833,334 common shares and warrants to purchase 416,66
shares, which warrants are identical to the warrants which were sold to the Legend investors described below. The remaining
220,000 shares of outstanding Series 1 Preferred Stock automatically converted into 528,000 shares of restricted Common Sto
on March 31, 2013.

In November 2012, the aforementioned Series 1 stock investors, who invested an aggregate of $250,000 in April 2012 togethe with another Common Stock holder, invested $301,000 at an offering price of $.30 per share and received 1,003,334 shares of Common Stock and Warrants to purchase 501,667 shares, exercisable at $.50 per share through December 15, 2017. Exemptio from registration for the sale of securities is claimed under Rule 506 of Regulation D promulgated pursuant to Section 4(2) of Securities Act of 1933, as amended.

During 2013, the Company raised $5,562,816 in gross proceeds from the sale of its Common Stock at $.30 per share and a subscription for an additional $175,000, which was received in January 2014. Pursuant to said offering, the Company sold 19,125,006 shares of its Common Stock and Class BB Warrants to purchase 9,562,503 shares of Common Stock exercisable a $.50 per share through December 15, 2017. A total of $182,184 was incurred for offering costs, including $150,000 of commissions paid to a licensed member of FINRA together with Warrants to purchase 625,000 shares. Exemption from registration for the sale of the aforementioned securities is claimed under Rule 506 of Regulation D promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended. Thomas Arnost, Sean Trepeta, and Sean McDonnell, officers and/or directors of the Company, purchased $200,000, $90,000 and $50,000, respectively, of securities pursuant to said offering.

NOTE 7: SHARE-BASED COMPENSATION

In July 2012 and November 2012 the Company issued to consultants five year warrants to purchase 37,250 shares and 125,00 shares respectively, at exercise prices ranging from $.35 per share to $.55 per share.

In January 2013, the Company issued to consultants, warrants to purchase 600,000 shares exercisable at $.30 per share throug January 2017. In June 2013, the Company issued to consultants, options to purchase 500,000 shares exercisable at $.30 per sh through April 11, 2018.

During the past three years, the Company has granted under our 2005 Plan certain employees and consultants restricted stock awards for services for the prior year with vesting to occur after the passage of an additional 12 months. These awards totaled 51,000 Shares for 2009, subject to continued services with the Company through December 31, 2009. These awards totaled 105,000 Shares for 2010 subject to continued services with the Company through December 31, 2010. These awards totaled 45,000 Shares for 2011 subject to continued services with the Company through December 31, 2012.

All stock options under the Plan are granted at or above the fair market value of the common stock at the grant date. Employee non-employee stock options generally vest over periods ranging from one to three years and generally expire either five or ten years from the grant date.

The Company's Plan is accounted for, in accordance with the recognition and measurement provisions requires compensation related to share-based payment transactions, including employee stock options, to be recognized in the financial statements. In addition, the Company adheres to the guidance set forth within Securities and Exchange Commission which provides the staff views regarding the interaction between certain SEC rules and regulations and provides interpretations with respect to the valuation of share-based payments for public companies.

The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. The expected volati is based upon historical volatility of the Company's stock and other contributing factors. The expected term is based upon observation of actual time elapsed between date of grant and exercise of options for all employees. Previously such assumptio were determined based on historical data.

In June, 2011, the Company hired an advisor to provide investor awareness and business advisory services at a cost of $10,00 month and 25,000 shares of restricted stock. For January through June 2012 the Company issued 150,000 shares of common s for consulting services. Pursuant to an agreement effective June, 2012 the Company agreed to pay the adviser $10,000 per mo plus 100,000 shares per quarter. A total of 200,000 shares of common stock were issued for the last six months of 2012. The advisory agreement was terminated in November 2012 and then a new agreement was entered into pursuant to which the advis received five year warrants to purchase 125,000 shares of common stock exercisable at $.35 per share through November, 201

In April 2012 the Company entered into various business advisory agreements pursuant to which a total of 535,000 shares were issued in connection with services rendered. In September 2012, an aggregate of 71,040 shares of common stock were returned the Company for cancellation to settle a dispute between the Company and certain consultants.

For the year 2013, the Company issued an aggregate of 2,402,969 shares in connection with business advisory services, at a fa market value of $1,048,091.

NOTE 8: STOCK COMPENSATION

The Company's results for the years ended December 31, 2013 and 2012 include employee share-based compensation expense totaling $1,765,074 and $1,481,242, respectively. Such amounts have been included in the Statements of Operations within selling, general and administrative expenses. No income tax benefit has been recognized in the statement of operations for share-based compensation arrangements due to a history of operating losses.

The following table summarizes stock-based compensation expense for the years ended December 31, 2013 and 2012:

	Years Ended December 31,	
	2013	2012
Employee stock based compensation-option grants	$258,511	$238,500
Employee stock based compensation-stock grants	–	13,500
Non-Employee stock based compensation-option grants	347,138	297,011
Non-Employee stock based compensation-stock grants	1,048,091	881,547
Non-Employee stock based compensation-stock warrant	111,334	50,684
	$1,765,074	$1,481,242

NOTE 9: STOCK OPTION PLANS

During Fiscal 2005, the Company established, and the stockholders approved, an Employee Benefit and Consulting Services Compensation Plan (the "2005 Plan") for the granting of up to 2,000,000 non-statutory and incentive stock options and stock awards to directors, officers, consultants and key employees of the Company. On June 9, 2005, the Board of Directors amende the Plan to increase the number of stock options and awards to be granted under the Plan to 4,000,000. During Fiscal 2009, the Company established a plan of long-term stock-based compensation incentives for selected Eligible Participants of the Compa covering 4,000,000 shares. This plan was adopted by the Board of Directors and approved by stockholders in October 2009 an shall be known as the 2009 Employee Benefit and Consulting Services Compensation Plan (the "2009 Plan"). In September 20

the Company’s stockholders approved an increase in the number of shares covered by the 2009 Plan to 10,000,000. (The 2005
2009 Plans are collectively referred to as the “Plans” and the Company has a combined 14,000,000 shares available for issuan
under the Plans.)

All stock options under the Plans are granted at or above the fair market value of the common stock at the grant date. Employe
and non-employee stock options vest over varying periods and generally expire either 5 or 10 years from the grant date. The fa
value of options at the date of grant was estimated using the Black-Scholes option pricing model. For option grants, the Comp
will take into consideration payments subject to the provisions of ASC 718 "Stock Compensation", previously Revised SFAS
123 "Share-Based Payment" ("SFAS 123 (R)"). The fair values of these restricted stock awards are equal to the market value
the Company's stock on the date of grant, after taking into certain discounts. The expected volatility is based upon historical
volatility of our stock and other contributing factors. The expected term is based upon observation of actual time elapsed betw
date of grant and exercise of options for all employees. Previously, such assumptions were determined based on historical data

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The weighted average assumptions made in calculating the fair values of options granted during the years ended December 31
2013 and 2012 are as follows:

	Years Ended December 31,	
	2013	2012
Expected volatility	134.99 %	303.1 %
Expected dividend yield	–	–
Risk-free interest rate	2.7 %	1.06 %
Expected term (in years)	5.45	6.65

	Share	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, January 1, 2013	4,575,000	$ .76	4.36	27,000
Granted	2,470,000	$ .38	6.44	
Exercised	–	–		
Cancelled / Expired	–	–		
Outstanding, December 31, 2013	7,045,000	$ .49	4.52	314,750
Options exercisable, December 31, 2013	7,045,000	$ .49	4.52	–

The weighted-average grant-date fair value of options granted during the years ended December 31, 2013 and 2012 was $.41 a
$0.54, respectively.

The aggregate intrinsic value of options outstanding and options exercisable at December 31, 2013 is calculated as the differer
between the exercise price of the underlying options and the market price of the Company's common stock for the shares that l
exercise prices, that were lower than the $.47 closing price of the Company's common stock on December 31, 2013.

As of December 31, 2013, the fair value of unamortized compensation cost related to unvested stock option awards was zero.

The option information provided above includes options granted outside of the Plans, which total 1,600,000 as of December 3
2013.

The weighted average assumptions made in calculating the fair value of warrants granted during the years ended December 31 2013 and 2012 are as follows:

	Years Ended	
	2013	2012
Expected volatility	70.66%	52.88%
Expected dividend yield	–	–
Risk-free interest rate	.88 %	.3 %
Expected term (in years)	4.44	3.5

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	Share	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, January 1, 2013	14,319,532	$ .55	1.56	0
Granted	11,172,508	$ .51	3.98	
Exercised	–	–		
Cancelled/Expired	(5,851,665)	–		
Outstanding, December 31, 2013	19,640,375	$ .56	2.88	209,500
Warrants exercisable, December 31, 2013	19,640,375	$ .56	2.88	209,500

NOTE 10: COMMITMENTS AND CONTINGENCIES

LEASE COMMITMENTS –

In February 2012, the Company entered into a lease agreement for new executive office space of approximately 4,200 square f
located at 600 Old Country Road, Suite 541, Garden City, NY 11530. The lease agreement is for 63 months, commencing Ap
2012 and expiring June 2017. The annual rent under this office facility for the first year is estimated at $127,000, including electricity, subject to an annual increase of 3%. In the event of a default in which the Company is evicted from the office spac
Mobiquity would be responsible to the landlord for an additional payment of rent of $160,000 in the first year of the lease, an additional payment of $106,667 in the second year of the lease and an additional payment of rent of $53,333 in the third year o
the lease. Such additional rent would be payable at the discretion of the Company in cash or in Common Stock of the Compan

The Company leases office space under non-cancelable operating leases in Farmingville, NY expiring in November 2014. The Company is obligated for the payment of real estate taxes under these leases. The Company is also currently leasing additional office space on a month-to-month basis. The Company also leases approximately 1,200 square feet of office and warehouse sp
in Spain at a monthly cost of approximately $2,200. Minimum future rentals under non-cancelable lease commitments are as follows:

YEARS ENDING DECEMBER 31,	
2014	126,000
2015	135,000
2016	139,000
2017 and thereafter	36,000
	$436,000

Rent and real estate tax expense was approximately $869,800 and $736,700 for the years December 31, 2013 and 2012, respectively.

EMPLOYMENT CONTRACTS –

On March 1, 2005, the Company entered into employment contracts with two of its officers, namely, Dean L. Julia and Micha Trepeta. The employment agreements provide for minimum annual salaries plus bonuses equal to 5% of pre-tax earnings (as defined) and other perquisites commonly found in such agreements. In addition, pursuant to the employment contracts, the Company granted the officers options to purchase up to an aggregate of 400,000 shares of common stock.

On August 22, 2007, the Company approved a three year extension of the employment contracts with two of its officers expiri on February 28, 2011. The employment agreements provided for minimum annual salaries with scheduled increases per annur occur on every anniversary date of the contract and extension commencing on March 1, 2008. A signing bonus of options to purchase 150,000 shares granted to each executive were fully vested at the date of the grant and exercisable at $1.20 per share through August 22, 2017. Ten year options to purchase 50,000 shares of common stock are to be granted at fair market value c each anniversary date of the contract and extension commencing March 1, 2008. Termination pay of one year base salary base upon the scheduled annual salary of each executive officer for the next contract year, plus the amount of bonuses paid (or entit be paid) to the executive for the current fiscal year of the preceding fiscal year, whichever is higher.

On April 7, 2010, the Board of Directors approved a five-year extension of the employment contract of Dean L. Julia and Mic D. Trepeta to expire on March 1, 2015. The Board approved the continuation of each officer's current salary and scheduled sa increases on March 1st of each year. The Board also approved a signing bonus of stock options to purchase 200,000 shares gra to each officer which is fully vested at the date of grant and exercisable at $.50 per share through April 7, 2020; ten-year stock options to purchase 100,000 shares of Common Stock to be granted to each officer at fair market value on each anniversary da the contract and extension thereof commencing March 1, 2011; and termination pay of one year base salary based upon the scheduled annual salary of each executive officer for the next contract year plus the amount of bonuses paid or entitled to be p to the executive for the current fiscal year or the preceding fiscal year, whichever is higher. In the event of termination, the executives will continue to receive all benefits included in the employment agreement through the scheduled expiration date o said employment agreement prior to the acceleration of the termination date thereof.

In July 2012, the Company approved and in January 2013 the Company implemented amending the employment agreements c Messrs. Julia and M. Trepeta to expire on February 28, 2017, subject to an automatic one year renewal on March 1, 2013 and c each March 1st thereafter, unless the Employment Agreement is terminated in accordance with its terms on or before Decembe 30th of the prior calendar year. In the event of termination without cause, the executives will continue to receive all salary and benefits included in the employment agreement through the scheduled expiration date of said employment agreement prior to t acceleration of the termination date thereof, plus one year termination pay.

On May 28, 2013, the Company approved amending the employment agreements of Messrs. Julia and Trepeta to provide that officer may choose an annual bonus equal to 5% of pre-tax earnings for the most recently completed year before deduction of annual bonuses paid to officers or, in the event majority control of the Company is acquired by a person or a group of persons during the prior fiscal year, the officer may choose to receive the aforementioned bonus or 1% of the control consideration pai acquirer(s) to acquire majority control of the Company.

TRANSACTIONS WITH MAJOR CUSTOMERS –

The Company sells its products to a geographically diverse group of customers, performs ongoing credit evaluations of its customers and generally does not require collateral. During the year ended December 31, 2013 a customer accounted for approximately 8% of net revenues and for the year ended December 31, 2012 a customer accounted for approximately 5% of r revenues. The Company holds on hand certain items that are ordered on a regular basis.

NOTE 11: SUPPLEMENTARY INFORMATION - STATEMENT OF CASH FLOWS

Cash paid during the years for:

	YEARS ENDED DECEMBER 31,	
	2013	2012
Interest	$58,803	$62,689
Income Taxes	$–	$–

Non cash disclosures:

On December 12, 2013 a director of the Company was assigned the $350,000 note held by TCA Global. The note assigned wa negotiated for extension of maturity date, to June 12, 2014, interest payable at 15%. Any outstanding balance and any accrued interest thereon may be converted into common stock at a price of $.30 per share. The Company may prepay the note without penalties. In December 2013, request was made to convert $28,000 of the note balance, into 93,334 shares of common stock.

NOTE 12: SEGMENT INFORMATION

Reportable operating segment is determined based on Mobiquity Technologies, Inc.'s management approach. The managemen approach, as defined by accounting standards which have been codified into FASB ASC 280, Segment Reporting," is based or way that the chief operating decision-maker organizes the segments within an enterprise for making decisions about resources be allocated and assessing their performance. Our chief operating decision-maker is our Chief Executive Officer and Chief Financial Officer.

While our results of operations are primarily reviewed on a consolidated basis, the chief operating decision-maker also manag the enterprise in two operating segments: (i) Ace Marketing and Promotions, Inc. captures Branding & Branded Merchandise Mobiquity Networks represent our Mobil Marketing.

Corporate management defines and reviews segment profitability based on the same allocation methodology as presented in th segment data tables below:

	Ace Marketing & Promotions, Inc.	Mobiquity Networks Inc.	Total
Net sales	$2,995,032	162,500	$3,157,532
Operating (loss)	(3,775,827)	(1,795,529)	(5,571,356)
Interest income	274	–	274
Interest (expense)	(227,094)	–	(227,094)
Depreciation and amortization	(99,860)	(189,429)	(289,289)
Net Loss	(4,102,507)	(1,984,958)	(6,087,465)
Total assets at December 31, 2013	2,287,313	941,191	3,228,504

All intersegment sales and expenses have been eliminated from the table above.

NOTE 13. COMMITTED EQUITY FACILITY AGREEMENT/REGISTRATION RIGHTS AGREEMENT

On June 12, 2012, Mobiquity finalized a committed equity facility (the “Equity Facility”) with TCA Global Credit Master Fur
a Cayman Islands limited partnership (“TCA”), whereby the parties entered into as of May 31, 2012 (i) a committed equity fac
agreement (the “Equity Agreement”) and (ii) a registration rights agreement (the “Registration Rights Agreement”).

Committed Equity Facility Agreement

On June 12, 2012, the Company finalized an Equity Agreement with TCA. Pursuant to the terms of the Equity Agreement, for
period of twenty-four months commencing on the effective date of the Registration Statement (as defined herein), TCA shall
commit to purchase up to $2,000,000 of the Company’s common stock (the “Shares”), pursuant to Advances (as defined belov
covering the Registrable Securities (as defined below). The purchase price of the Shares under the Equity Agreement is equal
ninety-five percent (95%) of the lowest daily volume weighted average price of the Company’s common stock during the five
consecutive trading days after the Company delivers to TCA an Advance notice in writing requiring TCA to advance funds (ar
“Advance”) to the Company, subject to the terms of the Equity Agreement.

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The “Registrable Securities” include (i) the Shares; and (ii) any securities issued or issuable with respect to the Shares by way exchange, stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation o other reorganization or otherwise.

As further consideration for TCA entering into and structuring the Equity Facility, the Company shall pay to TCA a fee by issu to TCA that number of shares of the Company’s common stock that equal a dollar amount of one hundred thousand dollars ($100,000) (the “Facility Fee Shares”). It is the intention of the Company and TCA that the value of the Facility Fee Shares sh equal $100,000. In the event the value of the Facility Fee Shares issued to TCA does not equal $100,000 after a ninth month evaluation date, the Equity Agreement provides for an adjustment provision allowing for necessary action to adjust the numbe shares issued. In June 2012, the Company issued 196,078 shares of common stock as the initial Facility Fee Shares. As of December 31, 2013, a total of 8,000 shares have been issued and paid for pursuant to the Equity Facility.

Registration Rights Agreement

On June 12, 2012, the Company finalized the Registration Rights Agreement with TCA. Pursuant to the terms of the Registrat Rights Agreement, the Company is obligated to file a registration statement (the “Registration Statement”) with the U.S. Secu and Exchange Commission (the “SEC’) to cover the Registrable Securities. The Company must use its commercially reasonab efforts to cause the Registration Statement to be declared effective by the SEC. On April 12, 2013, a Registration Statement w declared effective by the SEC covering the resale of up to 5,000,000 shares under the Equity Agreement.

NOTE 14: SUBSEQUENT EVENTS

There are no subsequent events required to be disclosed in the Notes to Financial Statements through the date of the report, ex as follows:

Between January 1, 2014 and the date of this report, the Company has raised gross proceeds of $2,160,300 from the sale of its Common Stock (including $175,000 of the stock subscription receivables) at $.30 per share. In connection with this private placement offering, the Company has issued 7,201,000 shares of Common Stock and Class BB Warrants to purchase 3,600,50 shares of Common Stock at an exercise price of $.50 per share through December 15, 2017.

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