Zak Kowalczyk Mary
Form 3
January 05, 2011

FORM 3

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

OMB APPROVAL	
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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â Zak Kowalczyk Mary
(Last) (First) (Middle)

W140 N8981 LILLY ROAD
(Street)

MENOMONEE FALLS,Â WIÂ 53051
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
12/31/2010

3. Issuer Name **and** Ticker or Trading Symbol
ASSISTED LIVING CONCEPTS INC [ALC]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice President

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Class A Common Stock	0	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of			

				Shares		(I) (Instr. 5)	
Tandem Stock Options/SARS (right to buy) (1)	03/03/2011(2)	03/03/2015	Class A Common Stock	500	$ 31.71	D	Â
Tandem Stock Options/SARs (right to buy) (3)	02/22/2010(3)	02/22/2014	Class A Common Stock	1,500	$ 15.35	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Zak Kowalczyk Mary W140 N8981 LILLY ROAD MENOMONEE FALLS,Â WIÂ 53051	Â	Â	Â Vice President	Â

Signatures

Mary Zak-Kowalczyk	01/05/2011
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Award of tandem non-qualified stock options and stock appreciation rights for shares of the Issuer's Class A Common Stock ("Options/SARS's") approved on March 3, 2010. The award also includes up to 2,250 additional Options/SAR's which are contingent upon the attainment of certain performance criteria in 2010.

(2) The Options/SAR's vest in three equal annual installments beginning on March 3, 2011.

(3) Award of Options/SARs granted on February 22, 2009. The Options/SAR's become exercisable in three equal annual installments beggining on February 22, 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. STYLE="font-size: 7pt"> Leonard K. Armenta (4) 2011 $86,400 $0 $0 $0 $0 $0 $86,400 *Former Executive Vice President* 2010 $83,215 $0 $0 $228,000(3) $0 $0 $311,215 2009 $54,799 $0 $0 $0 $0 $0 $54,799 DeLuca 2011 $65,833(5) $170,410(6) $1,555,921(5) $0 $0 $0 $1,792,164 *President, Chief Marketing Officer* John H. Bluher 2011 $36,458(7) $50,000(8) $0 $0 $0 $0 $86,458 *Chief Operating Officer*

Explanatory Information Relating to 2011 Summary Compensation Table

(1)

Pursuant to the terms of Mr. Pyatt's employment agreement, for each one million dollars ($1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. Pyatt shall receive (i) ten thousand dollars ($10,000) and (ii) one hundred thousand dollars ($100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. During the year ended December 31, 2011, the Company experienced revenue growth of $17,041,041.76 from the prior year. As such, Mr. Pyatt received a cash bonus payment of $170,410. Further, in accordance with Mr. Pyatt's employment agreement, Mr. Pyatt received a stock award of $1,704,104, equal to 148,182,957 shares of the Company's common stock, at a price per share of $0.01150, which was the closing price of the Company's common stock on February 1, 2012, the original anticipated date of issuance. These shares were re-priced to $0.01055, which was the closing price of the Company's common stock on December 31, 2011. With such price change, the bonus shares issued to Mr. Pyatt are valued at $1,555,921 as of December 31, 2011.

Subsequent to the filing of the Company's Annual Report on Form 10-K/A, filed on July 9, 2012, Mr. Pyatt voluntarily agreed to return (i) $30,311 of his cash bonus and (ii) $303,109 worth of his stock bonus, equal to a total of 26,357,328 shares of common stock. The shares of common stock have been returned and the cash portion shall be withheld from future bonus payments.

(2) Pursuant to the terms of Mr. Gregory's employment agreement, for each one million dollars ($1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. Gregory shall receive (i) ten thousand dollars ($10,000) and (ii) one hundred thousand dollars ($100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. During the year ended December 31, 2011, the Company experienced revenue growth of $17,041,041.76 from the prior year. As such, Mr. Gregory received a cash bonus payment of $170,410. Further, in accordance with Mr. Gregory's employment agreement, Mr. Gregory received a stock award of $1,704,104, equal to 148,182,957 shares of the Company's common stock, at a price per share of $0.01150, which was the closing price of the Company's common stock on February 1, 2012, the original anticipated date of issuance. These shares were re-priced to $0.01055, which was the closing price of the Company's common stock on December 31, 2011. With such price change, the bonus shares issued to Mr. Gregory are valued at $1,555,921 as of December 31, 2011.

Subsequent to the filing of the Company's Annual Report on Form 10-K/A, filed on July 9, 2012, Mr. Gregory voluntarily agreed to return (i) $30,311 of his cash bonus and (ii) $303,109 worth of his stock bonus, equal to a total of 26,357,328 shares of common stock. The shares of common stock have been returned and the cash portion shall be withheld from future bonus payments.

(3) Represents 1,000,000 options issued, valued on the date of grant, April 2, 2010.

(4) Mr. Armenta resigned from his position as the Company's Executive Vice President on September 16, 2011.

(5) This figure is based on a pro-rated annual salary of $125,000.

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Explanation of Responses:

(6) Pursuant to the terms of Mr. DeLuca’s employment agreement, for each one million dollars ($1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. DeLuca shall receive (i) ten thousand dollars ($10,000) and (ii) one hundred thousand dollars ($100,000) worth of the Company’s common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. During the year ended December 31, 2011, the Company experienced revenue growth of $17,041,041.76 from the prior year. As such, Mr. DeLuca received a cash bonus payment of $170,410. Further, in accordance with Mr. DeLuca’s employment agreement, Mr. DeLuca received a stock award of $1,704,104, equal to 148,182,957 shares of the Company’s common stock, at a price per share of $0.01150, which was the closing price of the Company’s common stock on February 1, 2012, the original anticipated date of issuance. These shares were re-priced to $0.01055, which was the closing price of the Company’s common stock on December 31, 2011. With such price change, the bonus shares issued to Mr. DeLuca are valued at $1,555,921 as of December 31, 2011.

Subsequent to the filing of the Company’s Annual Report on Form 10-K/A, filed on July 9, 2012, Mr. DeLuca voluntarily agreed to return (i) $30,311 of his cash bonus and (ii) $303,109 worth of his stock bonus, equal to a total of 26,357,328 shares of common stock. The shares of common stock have been returned and the cash portion shall be withheld from future bonus payments.

(7) This figure is based on a pro-rated annual salary of $175,000.

(8) Mr. Bluher received this bonus pursuant to the terms of his employment agreement.

2011 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

OPTION AWARDS						**STOCK AWARDS**			
Name (a)	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options Unexercisable (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights

								(#) (i)	That Have Not Vested (#) (j)
Brad J. Pyatt *Chief Executive Officer*	-	-	-	-	-	-	-	-	-
Cory Gregory *Senior President*	-	-	-	-	-	-	-	-	-
Lawrence S. Meer *Chief Financial Officer*	1,000,000 (1)	-	-	$ 0.50	4/2/2015	-	-	-	-
Leonard K. Armenta (2) *Former Executive VP*	-	-	-	-	-	-	-	-	-
Jeremy DeLuca *Chief Marketing Officer President*	-	-	-	-	-	-	-	-	-
John H. Bluher *Chief Operating Officer*	-	-	-	-	-	-	-	-	-

(1) Represents 1,000,000 options issued, valued on the date of grant, April 2, 2010.

(2) Resigned on September 16, 2011.

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Director Compensation

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named directors by us during the years ended December 31, 2011, 2010 and 2009.

Name and Principal Position (a)	**Year (b)**	**Salary ($) (c)**	**Bonus ($) (d)**	**Stock Awards ($) (e)**	**Option Awards ($) (f)**	**Non-Equity Incentive Plan Compensation ($) (g)**	**All Other Compensation ($) (h)**	**Total ($) (i)**
Brad J. Pyatt	2011	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Director	2010	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	2009	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Cory Gregory	2011	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Director	2010	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	2009	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Employment Agreements

Brad J. Pyatt, Chief Executive Officer

On August 15, 2011, the Company entered into an employment agreement (the “Pyatt Employment Agreement”) with Brad J. Pyatt, individually, pursuant to which Mr. Pyatt will serve as the Company’s Chief Executive Officer (the “CEO”). The term of the Pyatt Employment Agreement is for a period of sixty (60) months, commencing retroactively on January 1, 2011, and expiring on December 31, 2015 (the “Pyatt Term”). Pursuant to the terms of the Employment Agreement, the CEO is to receive a base salary of $250,000 for the 2011 calendar year; $350,000 for the 2012 calendar year; $400,000 for the 2013 calendar year; $450,000 for the 2014 calendar year; and $500,000 for the 2015 calendar year. Further, the CEO shall receive, upon execution of the Pyatt Employment Agreement, 31 shares of the Company’s Series B Preferred Stock. In addition, upon the three year anniversary of the Pyatt Employment Agreement, the CEO shall receive 10,000 shares of the Company’s Series A Preferred Stock.

During the Pyatt Term, the CEO’s responsibilities will include all aspects of the day to day business operations of the Company. The CEO shall also be responsible for determining necessary strategic partnerships and investment opportunities relating to the Company, both nationally and internationally, and shall have wide discretion in implementing the vision, strategic goals and operational mission of the Company. The CEO shall, on a full time and exclusive basis, devote all of his business time, attention and energies to the operations of the Company and other duties as required by the Pyatt Employment Agreement, and shall use his best efforts to advance the best interests of the Company.

On November 14, 2011, the Company entered into an amended and restated employment agreement with Mr. Pyatt. The parties amended the Pyatt Employment Agreement in order to amend section 3(c) as it relates to Mr. Pyatt's bonus payment. The amended Pyatt Employment Agreement now provides that, for each one million dollars ($1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. Pyatt shall receive (i) ten thousand dollars ($10,000) and (ii) one hundred thousand dollars ($100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. The aforementioned payments to Mr. Pyatt shall be made within 90 days after the end of the Company's fiscal year.

Cory Gregory, Senior President

On August 15, 2011, the Company entered into an employment agreement (the "Gregory Employment Agreement") with Cory Gregory, individually, pursuant to which Mr. Gregory will serve as the Company's Senior President (the "Senior President"). The term of the Gregory Employment Agreement is for a period of sixty (60) months, commencing retroactively on January 1, 2011, and expiring on December 31, 2015 (the "Gregory Term"). Pursuant to the terms of the Gregory Employment Agreement, the Senior President is to receive a base salary of $150,000 for the 2011 calendar year; $200,000 for the 2012 calendar year; $250,000 for the 2013 calendar year; $300,000 for the 2014 calendar year; and $350,000 for the 2015 calendar year. Further, the Senior President shall receive, upon execution of the Gregory Employment Agreement, 20 shares of the Company's Series B Preferred Stock. In addition, upon the three year anniversary of the Gregory Employment Agreement, the Senior President shall receive 10,000 shares of the Company's Series A Preferred Stock.

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During the Gregory Term, the Senior President's responsibilities will include, but shall not be limited to, on a full time and exclusive basis, devoting all of his business time, attention and energies to the operations of the Company and other duties as required by the Gregory Employment Agreement and as directed by the Board of Directors, and shall use his best efforts to advance the best interests of the Company.

On November 14, 2011, the Company entered into an amended and restated employment agreement with Mr. Gregory. The parties amended the Gregory Employment Agreement in order to amend section 3(c) as it relates to Mr. Gregory's bonus payment. The amended Gregory Employment Agreement now provides that, for each one million dollars ($1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. Gregory shall receive (i) ten thousand dollars ($10,000) and (ii) one hundred thousand dollars ($100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. The aforementioned payments to Mr. Gregory shall be made within 90 days after the end of the Company's fiscal year.

John H. Bluher, Chief Operating Officer

On September 16, 2011, the Company entered into an employment agreement (the "Bluher Employment Agreement") with John H. Bluher, individually ("Bluher"), appointing Bluher as the Company's Chief Operating Officer.

Pursuant to the terms of the Bluher Employment Agreement, Bluher is to serve as the Company's Chief Operating Officer from September 16, 2011 (the "Bluher Effective Date"), until September 15, 2013 (the "Bluher Term"). Upon expiration of the Bluher Term, the Bluher Employment Agreement shall be automatically renewed unless either the Company or Bluher provides the other party with written notice at least sixty (60) days prior to the last date of the respective term. During the Bluher Term, Bluher's responsibilities will include general oversight and management of the Company's daily operations, as well as any responsibilities delegated to him by the Company's Chief Executive Officer or board of directors (the "Bluher Duties").

In consideration for performance of the Bluher's Duties during the Term, Bluher is to receive an initial base salary of one hundred and seventy five thousand dollars ($175,000) per year (the "Bluher Base Salary"), any increases to such salary during the Bluher Term to be determined at the discretion of the Company. Bluher is also eligible to receive an annual performance bonus based on certain goals and performances levels mutually established by the parties, except for 2011, in which Mr. Bluher will receive a bonus of $50,000.

Bluher was also entitled to receive, beginning on December 31, 2012, and on each successive calendar year end thereafter, stock options to purchase shares of the Company's common stock in the amount of five hundred thousand dollars ($500,000) (the "2012 Options"). The 2012 Options were to be exercisable into shares of the Company's common stock at an exercise price equal to the average of the high and low reported selling prices of the Company's common stock on the date of grant and vest in accordance with the schedule outlined in the Bluher Employment Agreement.

On March 13, 2012, the Company and Bluher executed an amendment to the Bluher Employment Agreement, whereby Bluher waived his rights to the equity based compensation in both the Bluher Employment Agreement and a consulting agreement with Endion Capital, LLC, and now is to receive (i) 20,000,000 shares of the Company's common stock with piggy-back registration rights, subject to a lock-up period of one year and (ii) a warrant to purchase 10,000,000 shares of the Company's common stock at an exercise price of $0.008 per share, subject to a lock-up period of six months. The Company and Bluher have since terminated such amendment. The Company and Bluher plan to enter into a new compensation arrangement prior to September 30, 2012.

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Jeremy DeLuca, President, Chief Marketing Officer

On November 14, 2011 (the "DeLuca Execution Date"), the Company entered into an employment agreement (the "DeLuca Employment Agreement") with Jeremy DeLuca, the Company's President and Chief Marketing Officer (the "President"). The term of the DeLuca Employment Agreement commences on the DeLuca Execution Date and expires on December 31, 2014 (the "DeLuca Term"). Pursuant to the terms of the DeLuca Employment Agreement, the President is to receive a base salary of $125,000 for the 2011 calendar year; $175,000 for the 2012 calendar year; $225,000 for the 2013 calendar year; and $300,000 for the 2014 calendar year. In addition, upon the three year anniversary of the DeLuca Employment Agreement, the President shall receive 5,000 shares of the Company's Series A Preferred Stock.

The DeLuca Employment Agreement also provides that, for each one million dollars ($1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. DeLuca shall receive (i) ten thousand dollars ($10,000) and (ii) one hundred thousand dollars ($100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. The aforementioned payments to Mr. DeLuca shall be made within 90 days after the end of the Company's fiscal year.

During the DeLuca Term, the President's responsibilities will include all aspects of the day to day business operations of the Company. The President shall also be responsible for determining necessary strategic partnerships and investment opportunities relating to the Company, both nationally and internationally, and shall have wide discretion in implementing the vision, strategic goals and operational mission of the Company. The President shall, on a full time and exclusive basis, devote all of his business time, attention and energies to the operations of the Company and other duties as required by the DeLuca Employment Agreement, and shall use his best efforts to advance the best interests of the Company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information known to MusclePharm with respect to the beneficial ownership of the Company's common stock as of August 3, 2012, unless otherwise noted, by:

- each stockholder known to MusclePharm to own beneficially more than 5% of MusclePharm's common stock;
- each of MusclePharm's directors;

- each of MusclePharm's executive officers; and

- all of MusclePharm's current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or dispositive power with respect to securities. Common shares relating to options or warrants currently exercisable, or exercisable within 60 days of August 3, 2012, are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to the community property laws where applicable, the persons or entities named in the tables have sole voting and dispositive power with respect to all shares shown as beneficially owned by them.

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percentage of Beneficial Ownership (1)	
Brad J. Pyatt, Chief Executive Officer and Co-Chairman 4721 Ironton St. Denver, CO 80239	140,604,960		9.85	%
Cory Gregory, Senior President 4721 Ironton St. Denver, CO 80239	132,308,658		9.26	%
Lawrence S. Meer, Treasurer 4721 Ironton St. Denver, CO 80239	0		0	%
Jeremy DeLuca, Chief Marketing Officer 4721 Ironton St. Denver, CO 80239	121,825,644		8.53	%
John H. Bluher, Chief Operating Officer and Co-Chairman 4721 Ironton St. Denver, CO 80239	10,000,000	(2)	*	%
Lewis Gary Davis 4721 Ironton St. Denver, CO 80239	0		0	%
Donald W. Prosser 4721 Ironton St. Denver, CO 80239	0		0	%
Mark Groussman 4721 Ironton St. Denver, CO 80239	11,250,000	(3)	*	%
Gordon Burr 4721 Ironton St. Denver, CO 80239	120,000,000	(4)	8.40	%
All executive officers and directors as a group (9 persons)	535,989,262		37.53	%
Drew Ciccarelli	105,000,000	(5)	7.35	%
All executive officers, directors and 5% holders as a group	640,989,262		44.88	%

*denotes less than 1%

(1) Percent of class based on 1,428,102,223 common shares outstanding as of August 3, 2012. This percentage does not include preferred stock ownership or other ownership of convertible securities.

(2) Includes 10,000,000 warrants to purchase shares of common stock at an exercise price of $0.01.

(3) Includes (i) 7,500,000 shares of common stock and (ii) 3,750,000 warrants to purchase shares of the Company's common stock, held in the name of Meldavid, Inc., a Florida corporation. Mr. Grossman is the CEO of Meldavid, Inc., and as such, hold sole dispositive voting power over such securities.

(4) Includes 120,000,000 warrants to purchase shares of the Company's common stock held in the name of El Chichon Partners, LLC, a Colorado limited liability company. Mr. Burr is the manager of El Chichon Partners, LLC, and as such, holds sole dispositive voting power over such securities.

(5) These shares are held by Mr. Chichon individually, and through (i) TSX Ventures, LLC, a South Carolina limited liability company and (ii) Five Star Consulting, LLC, a Nevada limited liability company, entities of which Mr. Chichon maintains sole dispositive voting power.

Changes in Control

We are not aware of any arrangements that may result in changes in control" as that term is defined by the provisions of Item 403(c) of Regulation S-K.

TRANSACTIONS WITH RELATED PERSONS, PROMOTERS AND CERTAIN CONTROL PERSONS

Any future transactions or loans between us and our officers, directors, principal stockholders or affiliates will be on terms no less favorable to us than could be obtained from an unaffiliated third party, and will be approved by a majority of disinterested directors.

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On February 18, 2010, the Company issued a total of 26,000,000 shares of its common stock to the 12 former owners of Muscle Pharm, LLC in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

On November 18, 2010, Brad Pyatt, the Company's Chief Executive Officer, loaned the Company $100,000 and received an 8% Convertible Promissory Note exchange. On November 23, 2010, Mr. Pyatt loaned the Company $256,250 and received an 8% Convertible Promissory Note in exchange. On December 14, 2010, Mr. Pyatt converted all principal and accrued interest underlying the notes ($358,077.40) into 7,161,548 shares of the Company's common stock.

Muscle Pharm, LLC was formed as a Colorado limited liability company on April 22, 2008. The initial owners of Muscle Pharm LLC were Brad J. Pyatt and Cory Gregory. Mr. Pyatt received a 60% membership interest in exchange for his contribution of formulations for potential products, contacts with GNC Canada and other potential customers, and contacts with professional athletes. Mr. Gregory received a 40% membership interest in exchange for his contacts with Dr. Serrano, Louie Simmons, potential distributors, professional athletes and potential investors. Neither Mr. Pyatt nor Mr. Gregory contributed any cash and no value was placed on their respective contributions.

Other than as set forth above, there are no transactions since our inception, or proposed transactions, to which we were or are to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

(a) Any director or executive officer of the Company;

(b) Any majority security holder; and

(c) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the persons in the above.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION

OF SECURITIES ACT LIABILITIES

Our directors and officers are indemnified as provided by the Nevada corporate law and our Bylaws. We have agreed to indemnify each of our directors and certain officers against certain liabilities, including liabilities under the Securities Act. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the provisions described above, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by our director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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MusclePharm Corporation and Subsidiaries

Consolidated Balance Sheets

	(Unaudited) March 31, 2012	December 31, 2011
Assets		
Current Assets		
Cash	$ 1,299,235	$ 659,764
Accounts receivable – net	4,541,865	2,569,092
Prepaid stock compensation	336,800	534,456
Prepaid sponsorship fees	103,333	203,333
Other	91,927	50,188
Total Current Assets	6,373,160	4,016,833
Property and equipment – net	1,123,647	907,522
Debt issue costs – net	575	68,188
Other assets	55,925	53,585
Total Assets	$ 7,553,307	$ 5,046,128
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 7,804,895	$ 9,359,073
Customer deposits	428,603	8,047
Debt – net	1,181,400	1,281,742
Derivative liabilities	15,098,603	7,061,238
Total Current Liabilities	24,513,501	17,710,100
Long Term Liabilities:		
Debt – net	248,896	307,240
Total Liabilities	24,762,397	18,017,340
Stockholders' Deficit		
Series A, Convertible Preferred Stock, $0.001 par value; 5,000,000 shares authorized, none issued and outstanding	-	-

Series B, Preferred Stock, $0.001 par value; 51 shares authorized, 51 and 51, respectively, issued and outstanding	-	-
Series C, Convertible Preferred Stock, $0.001 par value; 500 shares authorized, none and 190, respectively, issued and outstanding	-	-
Common Stock, $0.001 par value; 2,500,000,000 shares authorized,1,403,787,767 and 605,930,613 issued and 1,389,244,828 and 605,930,613 outstanding	1,403,787	605,931
Treasury Stock, at cost; 14,542,939 and zero shares repurchased	(230,400)	-
Additional paid-in capital	42,809,498	31,579,538
Accumulated deficit	(61,191,975)	(45,156,681)
Total Stockholders' Deficit	(17,209,090)	(12,971,212)
Total Liabilities and Stockholders' Deficit	$ 7,553,307	$ 5,046,128

See accompanying notes to unaudited financial statements.

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PART I – FINANCIAL INFORMATION

MusclePharm Corporation and Subsidiaries

<u>Consolidated Statements of Operations</u>

(unaudited)

	Three Months Ended March 31, 2012	2011 (As Restated)
Sales - net	$ 16,560,680	$ 3,033,936
Cost of sales	12,895,162	2,401,534
Gross profit	3,665,518	632,402
General and administrative expenses	4,392,811	1,719,627
Loss from operations	(727,293)	(1,087,225)
Other income (expense)		
Derivative expense	(1,456,910)	(1,359,369)
Change in fair value of derivative liabilities	(8,357,171)	(131,717)
Loss on settlement of accounts payable and debt	(2,941,826)	(1,914,689)
Interest expense	(2,570,516)	(518,922)
Other income	18,423	-
Total other expense - net	(15,308,000)	(3,924,697)
Net loss	$ (16,035,293)	$ (5,011,922)
Net loss per share - basic and diluted	$ (0.01)	$ (0.03)
Weighted average number of common shares outstanding during the period – basic and diluted	1,213,820,101	146,560,444

See accompanying notes to unaudited financial statements.

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PART I – FINANCIAL INFORMATION

MusclePharm Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended March 31, 2012	March 31, 2011
Cash Flows From Operating Activities:		
Net loss	$(16,035,293)	(5,011,922)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	89,655	10,345
Bad debt	-	(13,801)
Stock issued for services - third parties	-	70,431
Amortization of prepaid stock compensation	159,354	533,203
Amortization of debt discount	2,357,490	432,081
Amortization of debt issue costs	97,612	53,156
Loss on settlement of accounts payable	-	1,914,689
Loss on debt repayment	779,500	-
Loss on conversion of debt	351,021	-
Loss on conversion of Series C preferred shares	614,984	-
Loss on repayment of debt	1,196,321	-
Derivative expense	1,456,910	1,359,369
Change in fair value of derivative liabilities	8,357,171	131,717
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(1,972,773)	(1,580,423)
Prepaid and other	94,223	30,098
Inventory	-	(31,011)
Increase (decrease) in:		
Accounts payable and accrued liabilities	3,456,644	1,314,846
Customer Deposits	420,556	(75,733)
Due to factor	-	(5,853)
Net Cash Provided by (Used In) Operating Activities	1,423,375	(868,808)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(305,781)	(253,853)
Net Cash Used In Investing Activities	(305,781)	(253,853)
Cash Flows From Financing Activities:		
Proceeds from issuance of debt	2,842,950	1,482,000

Debt issue costs	(30,000)	(69,700)
Repayment of debt	(3,346,433)	-
Repurchase of common stock (treasury stock)	(230,400)	-
Proceeds from issuance of common stock and warrants	285,760	-
Net Cash (Used In) Provided By Financing Activities	(478,123)	1,412,300
Net increase in cash	639,471	289,669
Cash at beginning of period	659,764	43,704
Cash at end of period	$1,299,235	$ 333,373
Supplemental disclosures of cash flow information:		
Cash paid for interest	$101,706	$ 54,215
Cash paid for taxes	$-	$ -
Supplemental disclosure of non-cash investing and financing activities:		
Stock issued for future services - third parties	$-	$ 228,000
Debt discount recorded on convertible and unsecured debt accounted for as a derivative liability	$2,347,672	$ 224,531
Recognition of stock purchase warrants as discount to debt	$	$ 863,440
Stock issued to settle debt - third parties	$	$ 903,850
Conversion of convertible debt and accrued interest for common stock	$1,069,402	$ 437,500
Stock issued to settle accrued executive compensation	$4,667,764	$ -
Conversion of notes to common stock payable	$-	$ 522,000
Reclassification of derivative liability to additional paid in capital	$4,124,387	$ 189,132
Stock issued to settle accrued liabilities	$135,000	$ -

See accompanying notes to unaudited financial statements.

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements

(March 31, 2012)

(Unaudited)

Note 1 Nature of Operations and Basis of Presentation

Nature of Operations

MusclePharm Corporation (the “Company”, “We”, “Our” or “MP”), was organized as a limited liability company in the State of Colorado on April 22, 2008. On February 18, 2010, the Company executed a reverse recapitalization with Tone in Twenty, Inc. and changed its name to MP.

During the second quarter of 2012, the Company opened operations in Canada under the subsidiary name MusclePharm Canada, Inc. The business will have distribution and sales activity on site in its warehouse in Hamilton, Ontario. The business currently employs five people.

The Company markets branded sports nutrition products.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Act of 1934, as amended for interim financial information.

The financial information as of December 31, 2011 is derived from the audited financial statements presented in the Company’s Annual Report on Form 10-K for the years ended December 31, 2011 and 2010. The unaudited interim consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K, which contains the audited financial statements and notes thereto, together with the Management’s Discussion and

Analysis, for the years ended December 31, 2011 and 2010.

Certain information or footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The interim results for the three months ended March 31, 2012 are not necessarily indicative of results for the full fiscal year.

Restatement

On May 14, 2012, the Company determined that a material misstatement exists in the Company’s 2011 quarterly and annual financial statements. The Company concluded that the following financial statements contained material misstatements: (i) the Company’s audited financial statements for the year ended December 31, 2011, filed in an annual report on Form 10-K with the U.S. Securities and Exchange Commission (the “SEC”) on April 16, 2012; (ii) the Company’s unaudited financial statements for the period ended September 30, 2011, filed in a quarterly report on Form 10-Q with the SEC on November 14, 2011; (iii) the Company’s unaudited financial statements for the period ended June 30, 2011, filed in a quarterly report on Form 10-Q with the SEC on August 16, 2011; and (iv) the Company’s unaudited financial statements for the period ended March 31, 2011, filed in a quarterly report on Form 10-Q with the SEC on May 23, 2011.

The foregoing financial statements contained material misstatements pertaining to the Company’s calculation of net sales and presentation of general and administrative expenses and cost of sales. The Company has determined that advertising related credits that were granted to customers fell within the guidance of ASC No. 605-50-55 (“*Revenue Recognition” – Customer Payments and Incentives – Implementation Guidance and Illustrations)*. The guidance indicates that, absent evidence of benefit to the vendor, appropriate treatment requires netting these types of payments against revenues and not expensing as advertising expense. The Company also noted other credits and discounts that, upon further review, had been previously classified as advertising expense as a component of general and administrative expense that require a reallocation of presentation as amounts to be netted against revenues. The Company’s net loss will not be affected by this reallocation in the statement of operations.

Promotions, credits and non-specific advertising with its customers have been reclassified from general and administrative expenses to revenues.

Samples shipped to customers not clearly identifiable were reclassified from general and administrative expense to cost of sales.

	For The Three Months Ended March 31, 2011 Restated	Adjustments	March 31, 2011 As Issued
Sales - net	$3,033,936	$(483,838)	$3,517,774
Cost of sales	2,401,534	77,326	2,324,208
Gross profit (loss)	632,402	(561,164)	1,193,566
General and administrative expenses	1,719,627	(561,164)	2,280,791
Gain (loss) from operations	(1,087,225)	-	(1,087,225)
Other income (expense)			
Derivative expense	(1,359,369)	-	(1,359,369)
Change in fair value of derivative liabilities	(131,717)	-	(131,717)
Loss on settlement of accounts payable and debt	(1,914,689)	-	(1,914,689)
Interest expense	(518,922)	-	(518,922)
Other income (expense)	-	-	-
Total other income (expense) - net	(3,924,697)	-	(3,924,697)
Net loss	$(5,011,922)	$-	$(5,011,922)
Net loss per share available to common stockholders - basic and diluted	$(0.03)	$-	$(0.03)
Weighted average number of common shares outstanding during the period – basic and diluted	146,560,444	-	146,560,444

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2012

(Unaudited)

Note 2 Summary of Significant Accounting Policies

Principles of Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with United States of America 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 during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future non-conforming events. Accordingly, the actual results could differ significantly from estimates.

Risks and Uncertainties

The Company operates in an industry that is subject to rapid change and intense competition. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, regulatory and other risks, including the potential risk of business failure.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less and money market accounts to be cash equivalents. At March 31, 2012 and December 31, 2011, the Company had no cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents trade obligations from customers that are subject to normal trade collection terms. The Company periodically evaluates the collectability of its accounts receivable and considers the need to establish an allowance for doubtful accounts based upon historical collection experience and specific customer information. Accordingly, the actual amounts could vary from the recorded allowances.

The Company does not charge interest on past due receivables. Receivables are determined to be past due based on the payment terms of the original invoices. Accounts receivable at March 31, 2012 and December 31, 2011:

Accounts receivable	$4,721,674	$2,766,776
Less: allowance for doubtful accounts	(179,809)	(197,684)
Accounts receivable – net	$4,541,865	$2,569,092

Prepaid Sponsorship Fees

Prepaid sponsorship fees represents fees paid in connection with future advertising to be received.

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2012

(Unaudited)

At March 31, 2012 and December 31, 2011, the Company had the following concentrations of accounts receivable with customers:

Customer	2012	2011
A	36 %	7 %
B	12 %	3 %
C	3 %	12 %
D	3 %	10 %
E	9 %	3 %
F	4 %	36 %

Property and Equipment

Property and equipment are stated at cost and depreciated to their estimated residual value over their estimated useful lives. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are relieved from the accounts and the resulting gains or losses are included in operating income in the statements of operations. Repairs and maintenance costs are expensed as incurred. Depreciation is provided using the straight-line method for all property and equipment.

Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances, such as service discontinuance or technological obsolescence, indicate that the carrying amount of the long-lived asset may not be recoverable. When such events occur, the Company compares the carrying amount of the asset to the undiscounted expected future cash flows related to the asset. If the comparison indicates that impairment is present, the amount of the impairment is calculated as the difference between the excess of the carrying amount over the fair value of the asset. If a readily determinable market price does not exist, fair value is estimated using discounted expected cash flows attributable to the asset. During the three months ended March 31, 2012 and 2011, the Company recorded no impairment expense.

Website Development Costs

Costs incurred in the planning stage of a website are expensed, while costs incurred in the development stage are capitalized and amortized over the estimated useful life of the asset.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Unobservable inputs reflecting the Company’s assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The following are the major categories of liabilities measured at fair value on a recurring basis as of March 31, 2012 and December 31, 2011, using quoted prices in active markets for identical liabilities (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	March 31, 2012	December 31, 2011

Derivative liabilities (Level 2)	$15,098,603	$ 7,061,238

The Company's financial instruments consisted primarily of accounts receivable, prepaids, accounts payable and accrued liabilities, derivative liabilities and debt. The carrying amounts of the Company's financial instruments generally approximated their fair values as of March 31, 2012 and December 31, 2011, respectively, due to the short-term nature of these instruments.

Revenue Recognition

The Company records revenue when all of the following have occurred: (1) persuasive evidence of an arrangement exists, (2) product has been shipped or delivered, (3) the sales price to the customer is fixed or determinable, and (4) collectability is reasonably assured.

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2012

(Unaudited)

Depending on individual customer agreements, sales are recognized either upon shipment of products to customers or upon delivery. The Company records sales allowances and discounts as a direct reduction of sales. The Company has determined that advertising related credits that were granted to customers fell within the guidance of ASC No. 605-50-55 ("*Revenue Recognition" – Customer Payments and Incentives – Implementation Guidance and Illustrations)*. The guidance indicates that, absent evidence of benefit to the vendor, appropriate treatment requires netting these types of payments against revenues and not expensing as advertising expense. Sales for the three months ended March 31, 2012 and 2011 are as follows:

	Three Months Ended March 31,			March 31,
	2012	2011 Restated	Adjustments	2011 As Issued
Sales	$ 19,302,769	$ 3,671,215	$ -	$3,671,215
Discounts	2,742,089	637,279	483,838	153,441
Sales - Net	$ 16,560,680	$ 3,033,936	$ 483,838	$3,517,774

The Company has an informal 7-day right of return for products. There were nominal returns for the three months ended March 31, 2012 and 2011.

For the three months ended March 31, 2012 and 2011, the Company had the following concentrations of revenues with customers:

Customer	2012	2011
A	38 %	39 %
B	18 %	9 %
C	11 %	3 %

The Company does not manufacture or physically hold any inventory. Inventory is held and distributed by the Company's third party manufacturer.

Licensing Income and Royalty Revenue

On May 5, 2011, the Company granted an exclusive indefinite term license to a third party for $250,000. The licensee may market, manufacture, design and sell the Company's existing apparel line. The licensee will pay the Company a 10% net royalty based on its net income at the end of each fiscal year. To date, no royalty revenue has been earned.

Cost of Sales

Cost of sales represents costs directly related to the production and manufacturing of the Company's products. Cost of sales for the three months ended March 31, 2012 and 2011 are as follows:

	For The Three Months Ended March 31, 2012	2011 As Issued	Adjustments	March 31, 2011 Restated
Cost of Sales	$ 12,895,162	$ 2,324,208	$ 77,326	$2,401,534

See discussion of restatement

Shipping and Handling

Product sold is shipped directly to the customer from the manufacturer. Costs associated to the shipments are recorded as shipping expenses. During the three months ended March 31, 2012 and March 31, 2011 shipping expense is $569,240 and $125,534 respectively.

Advertising

The Company expenses advertising costs when incurred.

Advertising expense for the three months ended March 31, 2012 and 2011 are as follows:

	For The Three Months Ended March 31, 2012	2011 Restated	Adjustments	March 31, 2011 As Issued
Advertising	$ 1,976,319	$ 582,194	$ 561,164	$1,143,358

See discussion of restatement

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2012

(Unaudited)

Beneficial Conversion Feature

For conventional convertible debt where the rate of conversion is below market value, the Company records a "beneficial conversion feature" ("BCF") and related debt discount.

When the Company records a BCF, the relative fair value of the BCF would be recorded as a debt discount against the face amount of the respective debt instrument. The discount would be amortized to interest expense over the life of the debt.

Derivative Liabilities

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments, and measurement of their fair value. In determining the appropriate fair value, the Company uses the Black-Scholes option-pricing model. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt, the Company will continue its evaluation process of these instruments as derivative financial instruments.

Once derivative liabilities are determined, they are adjusted to reflect fair value at the end of each reporting period. Any increase or decrease in the fair value is recorded in results of operations as an adjustment to fair value of derivatives. In addition, the fair value of freestanding derivative instruments such as warrants, are also valued using the Black-Scholes option-pricing model. Once a derivative liability ceases to exist any remaining fair value will be reclassified to additional paid in capital.

Debt Issue Costs and Debt Discount

The Company may pay debt issue costs, and record debt discounts in connection with raising funds through the issuance of convertible debt. These costs are amortized over the life of the debt to interest expense. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

Original Issue Discount

For certain convertible debt issued, the Company provides the debt holder with an original issue discount. The original issue discount is recorded to debt discount, reducing the face amount of the note and is amortized to interest expense over the life of the debt.

Share-Based Payments

The Company has incentive plans that reward employees with stock options, warrants, restricted stock and stock appreciation rights. The amount of compensation cost for these share-based awards is measured based on the fair value of the awards, as of the date that the share-based awards are issued and adjusted to the estimated number of awards that are expected to vest.

Fair value of stock options, warrants, and stock appreciation rights, is generally determined using a Black-Scholes option pricing model, which incorporates assumptions about expected volatility, risk free rate, dividend yield, and expected life. Compensation cost for share-based awards is recognized on a straight-line basis over the vesting period.

Earnings (loss) Per Share

Net earnings (loss) per share is computed by dividing net income (loss) less preferred dividends for the period by weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss) less preferred dividends by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Since the Company reflected a net loss for the three months ended March 31, 2012 and 2011, respectively, the effect of considering any common stock equivalents, if exercisable, would have been anti-dilutive. A separate computation of diluted earnings (loss) per share is not presented.

The Company has the following common stock equivalents at March 31, 2012 and 2011 respectively:

	2012	2011
Stock options (exercise price - $0.50/share)	1,617,500	2,767,500
Warrants (exercise price $0.002- $1.50/share)	72,096,327	16,310,000
Convertible debt (exercise price $0.002- $0.02/share)	2,100,000	46,504,410
Total common stock equivalents	75,813,827	65,581,910

In the above table, some of the outstanding instruments from 2012 and 2011 contains ratchet provisions that would cause variability in the exercise price at the balance sheet date. As a result, common stock equivalents could change at each reporting period.

Reclassification

The Company has reclassified certain prior period amounts to conform to the current period presentation including the restatement previously mentioned. These reclassifications had no effect on the financial position, results of operations or cash flows for the periods presented.

Recent Accounting Pronouncements

In May 2011 the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. Generally Accepted Accounting Principles (“GAAP”) and International Financial Reporting Standards (“IFRS”). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 requires reporting entities to disclose additional information for fair value measurements categorized within Level 3 of the fair value hierarchy. In addition, ASU 2011-04 requires reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011.

MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2012

(Unaudited)

Note 3 Going Concern

As reflected in the accompanying unaudited interim consolidated financial statements, the Company had a net loss of $16,035,293 and net cash provided by operations of $1,423,375 for the three months ended March 31, 2012 and a working capital deficit and stockholders' deficit of $18,140,341 and $17,209,090 respectively, at March 31, 2012. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue its operations is dependent on Management's plans, which include the raising of capital through debt and/or equity markets with some additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur liabilities with certain related parties to sustain the Company's existence.

The Company will require additional funding to finance the growth of its current and expected future operations as well as to achieve its strategic objectives. The Company believes its current available cash along with anticipated revenues may be insufficient to meet its cash needs for the near future. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all.

In response to these problems, management has taken the following actions:

- seeking additional third party debt and/or equity financing,
- continue with the implementation of the business plan,
- allocate sufficient resources to continue with advertising and marketing efforts

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 4 Property and Equipment

Property and equipment consisted of the following at March 31, 2012 and December 31, 2011:

	2012	2011	Estimated Useful Life
Furniture, fixtures and gym equipment	$908,018	$781,786	3 years
Leasehold improvements	388,879	244,770	*
Auto	72,507	37,068	5 years
Displays	32,057	32,057	5 years
Website	11,462	11,462	3 years
Total	1,412,923	1,107,143	
Less: Accumulated depreciation and amortization	(289,276)	(199,621)	
	$1,123,647	$907,522	

* The shorter of 5 years or the life of the lease.

Note 5 Debt

At March 31, 2012 and December 31, 2011, debt consists of the following:

	2012	2011
Convertible debt - secured	$14,000	$1,749,764
Less: debt discount	(8,671)	(1,395,707)
Convertible debt - net	5,329	354,057
Auto loan - secured	23,522	26,236
Unsecured debt	3,950,290	2,380,315
Less: debt discount	(2,548,845)	(1,171,626)
Unsecured debt - net	1,401,445	1,208,689
Total debt	1,430,296	1,588,982
Less: current portion	(1,181,400)	(1,281,742)

Long term debt	$248,896	$307,240

Debt in default of $50,600 and $505,600, at March 31, 2012 and December 31, 2011 respectively, is included as a component of short-term debt.

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2012

(Unaudited)

Convertible Debt – Secured - Derivative Liabilities

During the three months ended March 31, 2012 and the year ended December 31, 2011 the Company issued convertible notes totaling $500,000 and 4,679,253 respectively. The Convertible notes consist of the following terms:

		Three Months Ended March 31, 2012 Amount of Principal Raised	**Year Ended December 31, 2011 Amount of Principal Raised**
Interest Rate		8% - 10%	0% - 18%
Default interest rate		0% - 20%	0% - 25%
Maturity		January 3, 2013 to January 3, 2013	June 30, 2011 to June 29, 2015
Conversion terms 1	62% of the lowest closing prices in the 7 days preceding conversion days	100,000	
Conversion terms 2	35% multiplied by the average of the lowest three (3) Trading Prices (as defined below) for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. "	$400,000	-
Conversion terms 3	Lesser of (1) a Fifty Percent (50%) discount to the two lowest closing bid prices of the five days trading days immediately preceding the date of conversion or (ii) Two and One-Half Cents ($0.025) per share	$	$ 525,000
		$	$ 537,600

Conversion terms 4	200% - The "market price" will be equal to the average of (i) the average of the closing price of Company's common stock during the 10 trading days immediately preceding the date hereof and (ii) the average of the 10 trading days immediately subsequent to the date hereof.		
Conversion terms 5	200% of Face. Average of the trading price 10 trading days immediately preceding the closing of the transaction	$	$ 177,000
Conversion terms 6	200% of Face. Fixed conversion price of $0.02	$	$ 105,000
Conversion terms 7	300% of Face. Fixed conversion price of $0.02	$	$ 15,000
Conversion terms 8	35% of the three lowest trading prices for previous 10 trading days	$	$ 250,000
Conversion terms 9	45% of the three lowest trading prices for previous 10 trading days	$	$ 327,500
Conversion terms 10	50% of average closing prices for 10 preceding trading days	$	$ 76,353
Conversion terms 11	50% of lowest trade price for the last 20 trading days	$	$ 45,000
Conversion terms 12	50% of the 3 lowest trades for previous 20 trading days	$	$ 33,000
Conversion terms 13	50% of the lowest closing price for previous 5 trading days	$	$ 250,000
Conversion terms 14	60% Multiplied by the average of the lowest 3 trading prices for common stock during the ten trading days prior to the conversion date	$	$ 233,000
Conversion terms 15			
Conversion terms 16	62% of lowest trade price for the last 7 trading days	$	$ 40,000
Conversion terms 17	65% of the lowest trade price in the 30 trading days previous to the conversion	$19,950	$ 335,000
Conversion terms 18	65% of the three lowest trading price for previous 30 trading days	$	$ 153,800
Conversion terms 19	70% of lowest average trading price for 30 trading days	$	$ 1,366,000
Conversion terms 20	No fixed conversion option	$	$ 35,000
Conversion terms 21	35% multiplied by the average of the lowest three (3) Trading Prices (as defined below) for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. "	$	$ 75,000
Conversion terms 22	Fixed conversion price of $0.03	$	$ 100,000

	$519,950	$ 4,679,253

The debt holders are entitled, at their option, to convert all or part of the principal and accrued interest into shares of the Company's common stock at conversion prices and terms discussed above. The Company classifies embedded conversion features in these notes as a derivative liability due to management's assessment that the Company may not have sufficient authorized number of shares of common stock required to net-share settle or due to the existence of a ratchet due to an anti-dilution provision. See Note 6 regarding accounting for derivative liabilities.

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2012

(Unaudited)

During the three months ended March 31, 2012 the Company converted debt and accrued interest, totaling $1,420,423 into 247,308,238 shares of common stock. The resulting loss on conversion of $351,021, is included in the $2,941,826 loss on settlement of accounts payable and debt as shown in the consolidated statement of operations.

Convertible debt consisted of the following activity and terms:

		Interest Rate	Maturity
Balance as of December 31, 2011	1,749,764		
Borrowings during the three months ended March 31, 2012	519,950	8% - 10%	January 3, 2013 to January 3, 2013
Conversion of debt to into 209,732,045 shares of common stock with a valuation of $950,739 ($0.0035 - $0.0095/share)	(759,095)		
Repayment of convertible debt	(2,518,343)		
Interest and accrued interest	15,632		
Loss on repayment	1,006,092		
Convertible debt balance as of December 31, 2012	$14,000		

(B) Unsecured Debt

Unsecured debt consisted of the following activity and terms:

		Interest Rate	Maturity
Unsecured Debt balance as of December 31, 2011	2,380,432		
Borrowings during the three months ended March 31, 2012	2,323,000	15%	July 13, 2013 – September 30, 2013
Conversion of debt to into 37,576,155 shares of common stock with a valuation of $469,683 ($0.0095 - $0.016/share)	(150,000)		
Repayments	(825,376)		

Interest and accrued interest	32,005
Loss on repayment	190,229
Unsecured Debt balance as of March 31, 2012	$3,950,290

(C) Auto Loan

Auto loan account consisted of the following activity and terms:

		Interest Rate	Maturity
Auto loan balance as of December 31, 2011	$26,236		
Repayments	(2,714)	6.99%	26 payments of $1,008
Auto loan balance as of March 31, 2012	23,522		

(D) Debt Issue Costs

During the three months ended March 31, 2012 and 2011, the Company paid debt issue costs totaling $30,000 and $69,700, respectively.

The following is a summary of the Company’s debt issue costs for the three months ended March 31, 2012 and year ended December 31, 2011 as follows:

	March 31, 2012	2011
Debt issue costs	$ 219,713	305,283
Accumulated amortization of debt issue costs	(219,138)	(237,095)
Debt issue costs – net	$ 575	68,188

During the three months ended March 31, 2012, the Company amortized $97,612 in debt issue costs.

(E) Debt Discount

During the three months ended March 31, 2012 and 2011, the Company recorded debt discounts totaling $2,347,672 and $1,087,971, respectively.

The debt discounts recorded in 2012 and 2011 pertain to convertible debt and warrants that contain embedded conversion options that are required to bifurcated and reported at fair value.

The Company amortized $2,357,490 and $3,237,219 to interest expense in the three months ended March 31, 2012 and year ended December 31, 2011 as follows:

	2012	2011
Debt discount	$4,915,006	5,804,552
Amortization of debt discounts	(2,357,490)	(3,237,219)
Debt discount – net	$2,557,516	2,567,333

Note 6 Derivative Liabilities

The Company identified conversion features embedded within convertible debt, warrants and series A, preferred stock issued in 2011 and 2010 (see Notes 5 and 9). The Company has determined that the features associated with the embedded conversion option should be accounted for at fair value as a derivative liability as the Company could not determine if a sufficient number of shares would be available to settle all transactions.

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2012

(Unaudited)

As a result of the application of ASC No. 815, the fair value of the conversion feature is summarized as follow:

Derivative liability - December 31, 2011	$7,061,238
Fair value at the commitment date for debt instruments	1,096,808
Fair value at the commitment date for warrants issued	2,707,774
Fair value mark to market adjustment for debt instruments	(1,517,609)
Fair value mark to market adjustment for warrants	9,874,838
Fair value mark to market adjustment for Series A, Preferred Stock issued	(59)
Reclassification to additional paid in capital for financial instruments that ceased to be a derivative liability	(4,124,387)
Derivative liability - March 31, 2012	$15,098,603

The Company recorded the debt discount to the extent of the gross proceeds raised, and expensed immediately the remaining value of the derivative as it exceeded the gross proceeds of the note. The Company recorded a derivative expense of $1,456,910 and $1,359,369 for the three months ended March 31, 2012 and 2011, respectively.

The fair value at the commitment and re-measurement dates for the Company's derivative liabilities were based upon the following management assumptions as of March 31, 2012:

	Commitment Date	Re-measurement Date
Expected dividends	0 %	0 %
Expected volatility	228% -249 %	226% -249 %
Expected term:	6 months – 2.5 years	6 months – 2.5 years
Risk free interest rate	0.12% - 0.69 %	0.2% - 0.33 %

Note 7 Stockholders' Deficit

The Company has three separate series of authorized preferred stock:

(A) Series A, Convertible Preferred Stock

This class of stock has the following provisions:

- Non-voting,
- No rights to dividends,
- No liquidation value,
- Convertible into 200 shares of common stock

(B) Series B, Preferred Stock (Related Parties)

In August 2011, the Company issued an aggregate 51 shares of Series B, preferred stock to 2 of its officers and directors. The Company accounted for the share issuance at par value since there was no future economic value that could be associated with the issuance.

This class of stock has the following provisions:

- Voting rights entitling the holders to an aggregate 51% voting control,
- Initially no rights to dividends,
- Stated value of $0.001 per share,
- Liquidation rights entitle the receipt of net assets on a pro-rata basis; and
- Non-convertible

(C) Series C, Convertible Preferred Stock

In October 2011, the Company issued 190 shares of Series C, preferred stock, having a fair value of $190,000. Of the total shares issued, 100 shares were issued for $100,000 ($1,000 /share). The remaining 90 shares were issued for services rendered having a fair value of $90,000 ($1,000 /share), based upon the stated value per share. In March 2012, all 190 shares were converted into 19,000,000 common shares at a conversion price of $0.00001 per share.

This class of stock has the following provisions:

- Stated Value - $1,000 per share,
- Non-voting,
- Liquidation rights entitle an amount equal to the stated value, plus any accrued and unpaid dividends
- As long as any Series C, convertible preferred stock is outstanding, the Company is prohibited from executing various corporate actions with the majority consent of the Series C, convertible preferred stockholders authorization; and
- Convertible at the higher of (a) $0.01 or (b) such price that is a 50% discount to market using the average of the low 2 closing bid prices, 5 days preceding conversion

Due to the existence of an option to convert at a variable amount, the Company has applied ASC No. 815, and treated this series of preferred stock as a derivative liability due to the potential for settlement in a variable quantity of shares. Additionally, the Company computed the fair value of the derivative liability at the commitment date and remeasurement date, which was $293 and $175, respectively, using the black-scholes assumptions below. This transaction is analogous to a dividend with a direct charge to retained earnings.

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2012

(Unaudited)

(D) Common Stock

In the three months ended March 31, 2012, the Company issued the following common stock:

Transaction Type	Quantity	Valuation	Loss on Settlement	Range of Value per Share
Conversion of convertible debt	209,732,083	$950,739	$ 61,124	$ 0.0038–0.0173
Conversion of unsecured/secured debt	37,576,155	$469,683	$ 289,897	$ 0.0095–0.016
Forbearance of agreement terms	55,000,000	$914,500	$ -	$ 0.0084-0.0324
Cash and warrants	32,000,000	$285,760	$ -	$ 0.0089
Executive compensation (1)	444,548,916	$4,667,764	$ -	$ 0.0105
Conversion of Series C, preferred stock to common stock	19,000,000	$614,984	$ 614,984	$ 0.0324
Total	797,857,154	$7,903,431	$ 966,005	$ 0.0038–.0324

The fair value of all stock issuances above is based upon the quoted closing trading price on the date of issuance, except for stock and warrants issued for cash, which is based on the cash received.

(1) Represents stock issued for prior year 2011 accrued compensation.

The forebearance of agreement terms valuation of $914,500 is reduced by $135,000 accrual, for items expensed in the year ended December 31, 2011, but are treated in the current period as a non-cash settlement, which nets to $779,500 as shown in the statement of cash flows as loss on debt.

(E) Stock Options

The Company applied fair value accounting for all shares based payments awards. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes assumptions used in the year ended December 31, 2010 is as follows:

Exercise price	$0.50	
Expected dividends	0	%
Expected volatility	74.8	%
Risk fee interest rate	1.4	%
Expected life of option	2.5 years	
Expected forfeiture	0	%

The following is a summary of the Company's stock option activity:

	Options	Weighted Average Exercise Price		Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	
Balance – December 31, 2011	1,617,500	$	0.50	3.25 years		-
Granted	-	$				
Exercised	-	$				
Forfeited/Cancelled	-	$	0.50			
Balance – March 31, 2012 – outstanding	1,617,500	$	0.50	3 years	$	-
Balance – March 31, 2012 – exercisable	1,617,500	$	0.50	3 years	$	-
Outstanding options held by related parties – 2012	1,000,000					
Exercisable options held by related parties – 2012	1,000,000					

(F) Stock Warrants

All warrants issued during the three months ended March 31, 2012 were accounted for as derivative liabilities. See Note 6.

During the three months ended March 31, 2012, the Company entered into convertible and unsecured note agreements. As part of these agreements, the Company issued warrants to purchase 181,625,000 shares of common stock. Each warrant vests six month after issuance and expire July 13, 2014 – September 30, 2014, with exercise prices ranging from $0.012 - $0.015. All warrants contain anti-dilution rights, and are treated as derivative liabilities.

A summary of warrant activity for the Company for the three months ended March 31, 2012 and for the year ended December 31, 2011 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding – December 31, 2011	283,338,233	$ .02
Granted	181,625,000	$ .013
Exercised	(32,000,000)	$ 0.0089
Balance as March 31, 2012	432,963,233	$ .017

Warrants Outstanding				Warrants Exercisable		
Range of exercise price	**Number** Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Numbers Exercisable	Weighted Average Exercise Price	Intrinsic Value
$0.012 - $1.50	432,963,233	2.58	$ 0.017	72,096,327	$ 0.038	$ 9,593,413

(G) Treasury Stock

On March 26, 2012, the Company repurchased 14,542,939 shares of its common stock for the sum of $230,400 or $0.0158. The Company records the value of its common stock held in treasury at cost. The Company has not cancelled or retired these shares, and they remain available for reissuance.

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MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2012

(Unaudited)

Note 8 Committments, Contingencies and Other Matters

(A) Operating Lease

In August 2010, the Company leased office space under a non-cancelable operating lease, expiring in December 2015.

Future minimum annual rental payments are approximately as follows:

Years Ended December 31,

2012 (9 months)	$64,771
2013	92,421
2014	98,481
2015	104,542
Total minimum lease payments	$360,215

Rent expense for the three months ended March 31, 2012 and 2011 was $43,573 and $44,076, respectively.

(B) Legal Matters

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties as to outcomes. Although there can be no assurances, based on information currently available, management believes that it is probable that the ultimate outcome of matters that are pending or threatened will not have a material effect on the company's consolidated financial condition.

Other legal matters to which the Company is party do exist. At this time the outcome of these matters is not probable nor reasonably estimable. The Company intends to defend these matters vigorously. The company is party to the following legal matters as of March 31, 2012:

- Plaintiff alleges the Company's use of the tagline "Train like an unchained beast" infringes on their mark "Beast" for dietary supplements. Plaintiff's primary goal is not damages, but rather that the Company cease using the tagline. The Company believes the case is without merit.

- Plaintiff has filed notices of intent to commence litigation on over 200 sports nutrition and dietary supplement companies in the US and Canada, including the Company. Plaintiff alleges violations of California's Proposition 65. The Company considers this case without merit and merely an attempt by a commercial plaintiff to pressure settlements.

- On April 20, 2012, Musclepharm received notice of a pending lawsuit in U.S. Federal District Court in Utah alleging misevaluation of stock used to settle a debt obligation. The Company believes the Plaintiffs case is without merit.

(C) Payroll Taxes

As of March 31, 2012 accounts payable and accrued expenses included approximately $163,000 pertaining to accrued payroll taxes. The taxes represent employee withholdings that have yet to be remitted to the taxing agencies.

Included in the $163,000 is an amount due prior to the Company becoming a publicly traded company in February 2010, when the Company existed as an LLC, which at that time had accrued payroll taxes/penalties and interest of approximately $53,000.

MusclePharm Corporation and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2012

(Unaudited)

Note 9 Defined Contribution Plan

The Company has a defined contribution plan, in which all eligible employees participate. The 401(k) plan is a contributory plan. Matching contributions are based upon the amount of the employees' contributions. Beginning January 1, 2012, the Company may make an additional discretionary 401(k) plan matching contribution to eligible employees. During the first quarter ended March 31, 2012 and March 31, 2011 the Company's matching contribution was $2,630 and $0.00, respectively.

Note 10 Subsequent Events

Debt Issuance

In April 2012, the Company raised gross proceeds of $1,291,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 107,583,333 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.012 per share and debt issue costs of $76,950. All warrants contain anti-dilution rights and are treated as derivative liabilities.

During the 2nd quarter there have been principal and interest payments related to the unsecured notes of approximately $558,000.

Share Issuances

On April 1, 2012 the Company issued 2,000,000 shares of the Company's common stock valued at $50,000 to a consultant for services rendered based on $0.025 price/share. The share price was calculated based on a 20 day average closing price prior to issuance.

On May 1, 2012 the Company issued 3,773,585 shares of the Company's common stock valued at $100,000 for services rendered. The share price was calculated based on a 20 day average closing price prior to issuance.

On May 9, 2012 the Company issued 4,347,826 shares of the Company's common stock valued at $50,000 for future services. The share price was calculated based on a 20 day average closing price prior to issuance.

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MusclePharm Corporation

Consolidated Financial Statements

December 31, 2011 (Restated) and 2010 (Restated)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of:

MusclePharm Corporation

We have audited the accompanying consolidated balance sheets of MusclePharm Corporation and Subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' deficit and cash flows for the years 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a 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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MusclePharm Corporation and Subsidiary as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a net loss of $23,280,950 and net cash used in operations of $5,801,761 for the year ended December 31, 2011; and has a working capital deficit of $13,693,267, and a stockholders' deficit of $12,971,212 at December 31, 2011. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plan in regards to these matters is also described in Note 2.

Berman & Company, P.A.

Boca Raton, Florida

April 13, 2012 except for note 1 as to which the date is June 28, 2012

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MusclePharm Corporation and Subsidiary

Consolidated Balance Sheets

	December 31, 2011	December 31, 2010
Assets		
Current Assets		
Cash	$659,764	$43,704
Accounts receivable - net	2,569,092	426,761
Prepaid stock compensation	534,456	1,965,911
Prepaid sponsorship fees	203,333	-
Other	50,188	58,065
Total Current Assets	4,016,833	2,494,441
Property and equipment - net	907,522	138,551
Debt issue costs - net	68,188	34,404
Other assets	53,585	53,585
Total Assets	$5,046,128	$2,720,981
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable and accrued liabilities	$9,359,073	$3,227,483
Customer deposits	8,047	75,733
Debt - net	1,281,742	289,488
Derivative liabilities	7,061,238	622,944
Total Current Liabilities	17,710,100	4,215,648
Long Term Liabilities:		
Debt - net	307,240	250,000
Total Liabilities	18,017,340	4,465,648
Stockholders' Deficit		
Series A, Convertible Preferred Stock, $0.001 par value; 5,000,000 shares authorized, none issued and outstanding	-	-
Series B, Preferred Stock, $0.001 par value; 51 shares authorized, 51 and none, respectively, issued and outstanding	-	-
Series C, Convertible Preferred Stock, $0.001 par value; 500 shares authorized, 190 and none, respectively, issued and outstanding	-	-

Common Stock, $0.001 par value; 2,500,000,000 shares authorized,605,930,613 and 118,649,439 issued and outstanding	605,931	118,649
Additional paid-in capital	31,579,538	20,012,122
Accumulated deficit	(45,156,681)	(21,875,438)
Total Stockholders' Deficit	(12,971,212)	(1,744,667)
Total Liabilities and Stockholders' Deficit	$ 5,046,128	$ 2,720,981

See accompanying notes to consolidated financial statements

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MusclePharm Corporation and Subsidiary

Consolidated Statements of Operations

	For The Year Ended December 31, 2011 As Restated	2010 As Restated
Sales - net	$ 17,212,636	$ 3,202,687
Cost of sales	14,845,069	2,804,274
Gross profit	2,367,567	398,413
General and administrative expenses	18,587,727	18,650,249
Loss from operations	(16,220,160)	(18,251,836)
Other income (expense)		
Derivative expense	(4,777,654)	(93,638)
Change in fair value of derivative liabilities	5,162,100	(149,306)
Loss on settlement of accounts payable and debt	(3,862,458)	(433,400)
Interest expense	(3,711,278)	(480,589)
Other expense	(121,500)	(160,568)
Licensing income	250,000	-
Total other income (expense) - net	(7,060,790)	(1,317,501)
Net loss	$ (23,280,950)	$ (19,569,337)
Net loss available to common stockholders		
Net loss	$ (23,280,950	$ (19,569,337)
Series C preferred stock dividend	(293)	-
Net loss available to common stockholders	$ (23,280,657)	$ (19,569,337)
Net loss per share available to common stockholders - basic and diluted	$ (0.08)	$ (0.48)
Weighted average number of common shares outstanding during the year – basic and diluted	281,484,658	41,141,549

See accompanying notes to consolidated financial statements

MusclePharm Corporation and Subsidiary

Consolidated Statement of Stockholders' Deficit

Years Ended December 31, 2011 and 2010

	Series A, Convertible Preferred Stock		Series B, Preferred Stock		Series C, Convertible Preferred Stock		Common Stock		Additional Paid-	Accumulated	Total Stockholde
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	in Capital	Deficit	Deficit
Balance - December 31, 2009	-	$ -	-	$ -	-	$ -	26,000,000	$ 26,000	$ 1,099,508	$ (2,306,101)	$ (1,180,59
Recapitalization and deemed issuance	83,333	83	-	-	-	-	70,838	71	(25,261)	-	(25,107
Issuance of common stock:											
Conversion of preferred stock to common stock	(83,333)	(83)	-	-	-	-	16,666,600	16,667	(16,584)	-	-
Conversion of convertible debt to common stock	-	-	-	-	-	-	7,708,906	7,709	1,025,791	-	1,033,500
Stock and warrants	-	-	-	-	-	-	4,167,767	4,168	1,524,508	-	1,528,676
Services - third parties	-	-	-	-	-	-	22,457,214	22,457	4,532,158	-	4,554,615
Services - third parties - future services	-	-	-	-	-	-	10,545,200	10,545	2,724,003	-	2,734,548
Services - related parties	-	-	-	-	-	-	10,000,000	10,000	5,290,000	-	5,300,000
Services paid with previously issued stock to related parties	-	-	-	-	-	-	-	-	1,039,500	-	1,039,500
Settlement of debt - third parties	-	-	-	-	-	-	4,165,571	4,166	1,186,898	-	1,191,064
Settlement of debt - related party	-	-	-	-	-	-	7,161,548	7,161	350,916	-	358,077
Settlement of accounts payable	-	-	-	-	-	-	9,014,286	9,014	424,386	-	433,400
	-	-	-	-	-	-	50,000	50	30,450	-	30,500

Debt offering - additional interest expense											
Extension of debt maturity date	-	-	-	-	-	-	130,000	130	95,370	-	95,500
Contract settlement in connection with lawsuit	-	-	-	-	-	-	511,509	511	99,489	-	100,000
Share based payments	-	-	-	-	-	-	-	-	630,990	-	630,990
Net loss	-	-	-	-	-	-	-	-	-	(19,569,337)	(19,569,3
Balance - December 31, 2010	-	-	-	-	-	-	118,649,439	118,649	20,012,122	(21,875,438)	(1,744,66
Issuance of common and preferred stock:											
Conversion of convertible debt	-	-	-	-	-	-	254,061,743	254,062	4,014,795	-	4,268,857
Conversion of secured/unsecured debt	-	-	-	-	-	-	40,277,378	40,277	817,675		857,952
Cash	-	-	-	-	-	-	82,000,000	82,000	793,000	-	875,000
Cash	-	-	-	-	100	-	-	-	100,000	-	100,000
Services - third parties	-	-	-	-	-	-	46,521,157	46,522	1,153,322	-	1,199,844
Services - third parties	-	-	-	-	90	-	-	-	90,000	-	90,000
Services - third parties - future services	-	-	-	-	-	-	4,000,000	4,000	210,250	-	214,250
Extension of debt maturity date	-	-	-	-	-	-	9,375,000	9,375	151,875	-	161,250
Settlement of accounts payable	-	-	-	-	-	-	54,545,896	54,546	3,592,173	-	3,646,719
Cancellation of shares	-	-	-	-	-	-	(3,500,000)	(3,500)	3,500	-	-
Share based payments - related parties	-	-	51	-	-	-	-	-	-	-	-
Dividends on series C preferred stock - related parties	-	-	-	-	-	-	-	-	-	(293)	(293
Reclassification of derivative liability to additional paid in capital	-	-	-	-	-	-	-	-	640,826		640,826

Explanation of Responses:

Net loss	-	-	-	-	-	-	-	-	-	(23,280,950)	(23,280,9
Balance - December 31, 2011	-	$-	51	$-	190	$-	605,930,613	$605,931	$31,579,538	$(45,156,681)	$(12,971,2

See accompanying notes to consolidated financial statements

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MusclePharm Corporation and Subsidiary

Consolidated Statements of Cash Flows

	Year Ended December 31, 2011	December 31, 2010
Cash Flows From Operating Activities:		
Net loss	$(23,280,950)	$(19,569,337)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	171,587	18,567
Bad debt	120,477	119,468
Warrants issued for services - third parties	1,989,982	-
Stock issued for services - third parties	1,289,844	4,554,615
Stock issued for services - related parties	-	5,300,000
Services paid with previously issued stock to related parties	-	1,039,500
Stock issued to extend maturity date of debt	161,250	95,500
Stock issued as settlement in connection with lawsuit	-	100,000
Stock issued with unsecured debt offering-additional interest expense	-	30,500
Share based payments	-	630,990
Amortization of prepaid stock compensation	1,745,705	768,637
Amortization of debt discount and debt issue costs	3,466,718	485,689
Loss on settlement of accounts payable	2,123,129	433,400
Loss on conversion of debt	1,739,329	-
Derivative expense	4,777,654	93,638
Change in fair value of derivative liabilities	(5,162,100)	149,306
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(2,262,808)	(434,753)
Prepaid sponsorship fees	(203,333)	-
Inventory	-	4,245
Deposits	-	32,116
Other	7,877	(66,703)
Increase (decrease) in:		
Accounts payable and accrued liabilities	7,581,564	2,358,430
Customer deposits	(67,686)	60,715
Net Cash Used In Operating Activities	(5,801,761)	(3,795,477)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(831,511)	(117,303)
Net Used In Investing Activities	(831,511)	(117,303)
Cash Flows From Financing Activities:		
Cash overdraft	-	(17,841)
Due to related party	-	(27,929)
Proceeds from issuance of debt	6,612,900	2,140,608

Proceeds from issuance of debt - related party		358,077
Repayment of debt	(75,285)	-
Cash paid for debt issue costs	(263,283)	-
Proceeds from issuance of preferred stock	100,000	-
Proceeds from issuance of common stock and warrants-net of recapitalization payment	875,000	1,503,569
Net Cash Provided By Financing Activities	7,249,332	3,956,484
Net increase in cash	616,060	43,704
Cash at beginning of year	43,704	-
Cash at end of year	$659,764	$43,704
Supplemental disclosures of cash flow information:		
Cash paid for interest	$28,806	$15,882
Supplemental disclosure of non-cash investing and financing activities:		
Stock issued for future services - third parties	$214,250	$2,734,548
Non cash increase in accounts payable related to future services to be paid for with common stock	$100,000	$-
Debt discount recorded on convertible and unsecured debt accounted for as a derivative liability	$5,473,291	$380,000
Conversion of convertible debt and accrued interest for common stock	$3,387,480	$1,033,500
Stock issued to settle debt - third parties	$-	$1,191,064
Stock issued to settle debt - related party	$-	$358,077
Stock issued to settle accounts payable and due to factor	$1,440,779	$433,400
Reclassification of derivative liability to additional paid in capital	$640,826	$-
Conversion of preferred stock to common stock	$-	$83
Stock issued to acquire equipment	$82,811	$-
Auto acquired through financing	$26,236	$-
Dividends on series C preferred stock - related parties	$293	$-
Original issue discount	$-	$37,500

See accompanying notes to consolidated financial statements

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MusclePharm Corporation and Subsidiary

Consolidated Notes to Financial Statements

December 31, 2011(Restated) and 2010 (Restated)

Note 1 Nature of Operations and Summary of Significant Accounting Policies (Restated)

Nature of Operations

MusclePharm Corporation (the “Company”, “We”, “Our” or “MP”), was organized as a limited liability company in the State of Colorado on April 22, 2008. On February 18, 2010, the Company executed a reverse recapitalization with Tone in Twenty, Inc. and changed its name to MP (See Note 3).

The Company markets branded sports nutrition products.

Restatement

On May 14, 2012, the Company determined that a material misstatement exists in the Company’s 2011 quarterly and 2011 and 2010 annual financial statements. The Company concluded that the following financial statements contained material misstatements: (i) the Company’s audited financial statements for the year ended December 31, 2011, filed in an annual report on Form 10-K with the U.S. Securities and Exchange Commission (the “SEC”) on April 16, 2012; (ii) the Company’s audited financial statements for the year ended December 31, 2010, filed in an annual report on Form 10-K with the SEC on April 1, 2011; (iii) the Company’s unaudited financial statements for the period ended September 30, 2011, filed in a quarterly report on Form 10-Q with the SEC on November 14, 2011; (iv) the Company’s unaudited financial statements for the period ended June 30, 2011, filed in a quarterly report on Form 10-Q with the SEC on August 16, 2011; and (v) the Company’s unaudited financial statements for the period ended March 31, 2011, filed in a quarterly report on Form 10-Q with the SEC on May 23, 2011.

The foregoing financial statements contained material misstatements pertaining to the Company’s calculation of net sales and presentation of general and administrative expenses and cost of sales. The Company has determined that advertising related credits that were granted to customers fell within the guidance of ASC No. 605-50-55 (“ *Revenue Recognition” – Customer Payments and Incentives – Implementation Guidance and Illustrations)* . The guidance indicates that, absent evidence of benefit to the vendor, appropriate treatment requires netting these types of payments against revenues and not expensing as advertising expense. The Company also noted other credits and discounts that, upon further review, had been previously classified as advertising expense as a component of general and administrative expense that require a reallocation of presentation as amounts to be netted against revenues. The Company’s net loss and loss per share will not be affected by this reallocation in the statement of operations.

Promotions, credits and non-specific advertising with its customers have been reclassified from general and administrative expenses to revenues.

Samples shipped to customers not clearly identifiable were reclassified from general and administrative expense to cost of sales.

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	Year Ended December 31, 2011 As Restated	Adjustments	Year Ended December 31, 2011 As Issued	Year Ended December 31, 2010 As Restated	Adjustments	Year Ended December 31, 2010 As Issued
Sales - net	$ 17,212,636	$ (3,625,701)	$ 20,838,337	$ 3,202,687	$ (844,608)	$ 4,047,295
Cost of sales	14,845,069	374,455	14,470,614	2,804,274	-	2,804,274
Gross profit	2,367,567	(4,000,156)	6,367,723	398,413	(844,608)	1,243,021
General and administrative expenses	18,587,727	(4,000,156)	22,587,883	18,650,249	(844,608)	19,494,857
Loss from operations	(16,220,160)	-	(16,220,160)	(18,251,836)	-	(18,251,836)
Other income (expense)						
Derivative expense	(4,777,654)	-	(4,777,654)	(93,638)	-	(93,638)
Change in fair value of derivative liabilities	5,162,100	-	5,162,100	(149,306)	-	(149,306)
Loss on settlement of accounts payable and debt	(3,862,458)	-	(3,862,458)	(433,400)	-	(433,400)
Interest expense	(3,711,278)	-	(3,711,278)	(480,589)	-	(480,589)
Other expense	(121,500)	-	(121,500)	(160,568)	-	(160,568)
Licensing income	250,000	-	250,000	-	-	-
Total other income (expense) - net	(7,060,790)	-	(7,060,790)	(1,317,501)	-	(1,317,501)
Net loss	$ (23,280,950)	$ -	$ (23,280,950)	$ (19,569,337)	$ -	$ (19,569,337)
Net loss available to common stockholders						
Net loss	$ (23,280,950)	$ -	$ (23,280,950)	$ (19,569,337)	$ -	$ (19,569,337)
	(293)	-	(293)	-	-	-

Series C preferred stock dividend						
Net loss available to common stockholders	$ (23,280,657)	$ -	$ (23,280,657)	$ (19,569,337)	$ -	$ (19,569,337)
Net loss per share available to common stockholders - basic and diluted	$ (0.08)	$ -	$ (0.08)	$ (0.48)	$ -	$ (0.48)
Weighted average number of common shares outstanding during the year – basic and diluted	281,484,658	-	281,484,658	41,141,549	-	41,141,549

Risks and Uncertainties

The Company operates in an industry that is subject to rapid change and intense competition. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, regulatory and other risks, including the potential risk of business failure.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future non-conforming events. Accordingly, the actual results could differ significantly from estimates.

Principles of Consolidation

All inter-company accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less and money market accounts to be cash equivalents. At December 31, 2011 and 2010, the Company had no cash equivalents.

The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. At December 31, 2011 there was one account that had a balance that exceeded the federally insured limit by approximately $378,000. In 2010, there were no balances that exceeded the federally insured limit.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represent trade obligations from customers that are subject to normal trade collection terms. The Company periodically evaluates the collectability of its accounts receivable and considers the need to establish an allowance for doubtful accounts based upon historical collection experience and specific customer information. Accordingly, the actual amounts could vary from the recorded allowances.

The Company does not charge interest on past due receivables. Receivables are determined to be past due based on the payment terms of the original invoices.

MusclePharm Corporation and Subsidiary

Consolidated Notes to Financial Statements

December 31, 2011(Restated) and 2010 (Restated)

Accounts receivable at December 31, 2011 and 2010 were as follows:

Accounts receivable	$2,766,776	$542,863
Less: allowance for doubtful accounts	(197,684)	(116,102)
Accounts receivable – net	$2,569,092	$426,761

As of December 31, 2011 and 2010, the Company had the following concentrations of accounts receivable with customers:

Customer	2011	2010
A	36 %	24 %
B	12 %	2 %
C	10 %	- %
D	7 %	40 %
E	5 %	11 %

Property and Equipment

Property and equipment are stated at cost and depreciated to their estimated residual value over their estimated useful lives. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are relieved from the accounts and the resulting gains or losses are included in operating income in the statements of operations. Repairs and maintenance costs are expensed as incurred. Depreciation is provided using the straight-line method for all property and equipment.

Website Development Costs

Costs incurred in the planning stage of a website are expensed, while costs incurred in the development stage are capitalized and amortized over the estimated useful life of the asset.

Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances, such as service discontinuance or technological obsolescence, indicate that the carrying amount of the long-lived asset may not be recoverable. When such events occur, the Company compares the carrying amount of the asset to the undiscounted expected future cash flows related to the asset. If the comparison indicates that impairment is present, the amount of impairment is calculated as the difference between the excess of the carrying amount over the fair value of the asset. If a readily determinable market price does not exist, fair value is estimated using discounted expected cash flows attributable to the asset.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Unobservable inputs reflecting the Company’s assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

MusclePharm Corporation and Subsidiary

Consolidated Notes to Financial Statements

December 31, 2011(Restated) and 2010 (Restated)

The following are the major categories of liabilities measured at fair value on a recurring basis as of December 31, 2011 and 2010, using quoted prices in active markets for identical liabilities (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

		2011	2010
Derivative liabilities	Level 2	$7,061,238	$622,944

The Company's financial instruments consisted primarily of accounts receivable, prepaids, accounts payable and accrued liabilities, derivative liabilities and debt. The carrying amounts of the Company's financial instruments generally approximated their fair values as of December 31, 2011 and 2010, respectively, due to the short-term nature of these instruments.

Revenue Recognition (Restated)

The Company records revenue when all of the following have occurred: (1) persuasive evidence of an arrangement exists, (2) product has been shipped or delivered by the third party manufacturer, (3) the sales price to the customer is fixed or determinable, and (4) collectability is reasonably assured.

Depending on individual customer agreements, sales are recognized either upon shipment of products to customers or upon delivery. For one of our largest customers, which represent 14% of total revenue in 2011, revenue is recognized upon delivery.

The Company has determined that advertising related credits that were granted to customers fell within the guidance of ASC No. 605-50-55 (" *Revenue Recognition" – Customer Payments and Incentives – Implementation Guidance and Illustrations)* . The guidance indicates that, absent evidence of benefit to the vendor, appropriate treatment requires netting these types of payments against revenues and not expensing as advertising expense.

The Company records store support, give aways, sales allowances and discounts as a direct reduction of sales. The Company recorded reductions to gross revenues totaling approximately $4,000,000 and $1,000,000 for the years ended December 31, 2011 and 2010, respectively.

The Company grants volume incentive rebates to certain customers based on contractually agreed percentages ranging from 2.5% - 5.5% as a percentage of sales once a certain threshold has been met. The credits are recorded as a direct reduction to sales. Included in the reductions to revenues above are volume incentive rebates. Total volume incentive rebates granted for the years ended December 31, 2011 and 2010 were approximately $500,000 and $0, respectively.

The Company has an informal 7-day right of return for products. There were nominal returns in 2011 and 2010.

During the years ended December 31, 2011 and 2010, the Company had the following concentrations of revenues with customers:

Customer	2011		2010	
A	41	%	45	%
B	14	%	7	%
C	-	%	15	%

The Company does not manufacture or physically hold any inventory. Inventory is held and distributed by the Company's third party manufacturer.

Licensing Income and Royalty Revenue

On May 5, 2011, the Company granted an exclusive indefinite term license to a third party for $250,000. The licensee may market, manufacture, design and sell the Company's existing apparel line. The licensee will pay the Company a 10% net royalty based on its net income at the end of each fiscal year. To date, no royalty revenue has been earned.

Cost of Sales (Restated)

Cost of sales represents costs directly related to the production and third party manufacturing of the Company's products.

In 2011, cost of sales increased due to a reclassification from advertising expense in the amount of $374,454.

See discussion of restatement

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MusclePharm Corporation and Subsidiary

Consolidated Notes to Financial Statements

December 31, 2011(Restated) and 2010 (Restated)

Shipping and Handling

Product sold is typically shipped directly to the customer from the manufacturer. Any freight billed to customers is offset against shipping costs and included in cost of sales.

Freight billed to customers for the years ended December 31, 2011 and 2010 was $309,690 and $71,983, respectively.

Advertising (Restated)

The Company expenses advertising costs when incurred.

Advertising for the years ended December 31, 2011 and 2010 are as follows:

	2011 As Issued	Adjustments	2011 Restated	2010 As Issued	Adjustments	2010 Restated
Advertising	$ 9,241,741	$ (4,000,156)	$ 5,241,585	$ 7,084,955	$ (844,608)	$ 6,240,347

See discussion of restatement

Income Taxes

Through February 18, 2010, the Company was taxed as a pass-through entity (LLC) under the Internal Revenue Code and was not subject to federal and state income taxes; accordingly, no provision was made. The financial statements reflect the LLC’s transactions without adjustment, if any, required for income tax purposes for the period ended February 18, 2010. In computing the expected tax benefit, the Company reflected a net loss of $23,280,950 in the year ended December 31, 2011 and $19,169,454 for the period from February 18, 2010 to December 31, 2010.

In 2011, and the period from February 18, 2010 through December 31, 2010, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Beginning with the adoption of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* , (included in FASB ASC Subtopic 740-10, *Income Taxes — Overall*), the Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company records interest and penalties related to unrecognized tax benefits in income tax expense. There were none for the years ended December 31, 2011 and 2010.

Beneficial Conversion Feature

For conventional convertible debt where the rate of conversion is below market value, the Company records a "beneficial conversion feature" ("BCF") and related debt discount.

When the Company records a BCF, the relative fair value of the BCF is recorded as a debt discount against the face amount of the respective debt instrument. The discount is amortized to interest expense over the life of the debt.

Derivative Liabilities

Fair value accounting requires bifurcation of embedded derivative instruments, such as ratchet provisions or conversion features in convertible debt or equity instruments, and measurement of their fair value. In determining the appropriate fair value, the Company uses the Black-Scholes option-pricing model. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt, the Company will continue its evaluation process of these instruments as derivative financial instruments.

Once derivative liabilities are determined, they are adjusted to reflect fair value at the end of each reporting period. Any increase or decrease in the fair value is recorded in results of operations as an adjustment to fair value of derivatives. In addition, the fair value of freestanding derivative instruments such as warrants, are also valued using the Black-Scholes option-pricing model.

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MusclePharm Corporation and Subsidiary

Consolidated Notes to Financial Statements

December 31, 2011(Restated) and 2010 (Restated)

Debt Issue Costs and Debt Discount

The Company may pay debt issue costs, and record debt discounts in connection with raising funds through the issuance of convertible debt. These costs are amortized to interest expense over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

Original Issue Discount

For certain convertible debt issued, the Company provides the debt holder with an original issue discount. The original issue discount is recorded to debt discount, reducing the face amount of the note and is amortized to interest expense over the life of the debt.

Share-based payments

The Company has incentive plans that reward employees with stock options, warrants, restricted stock and stock appreciation rights. The amount of compensation cost for these share-based awards is measured based on the fair value of the awards, as of the date that the share-based awards are issued and adjusted to the estimated number of awards that are expected to vest.

Fair value of stock options, warrants, and stock appreciation rights, is generally determined using a Black-Scholes option pricing model, which incorporates assumptions about expected volatility, risk free rate, dividend yield, and expected life. Compensation cost for share-based awards is recognized on a straight-line basis over the vesting period.

Net Earnings (Loss) per Share

Net earnings (loss) per share is computed by dividing net income (loss) less preferred dividends for the period by weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss) less preferred dividends by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Since the Company reflected a net loss in 2011 and 2010, respectively, the effect of considering any common stock equivalents, if exercisable, would have been anti-dilutive. A separate computation of diluted earnings (loss) per share is not presented.

The Company has the following common stock equivalents at December 31, 2011 and 2010:

	2011	2010
Stock options (exercise price - $0.50/share)	1,617,500	2,767,500
Warrants (exercise price $0.015- $1.50/share)	61,696,327	750,000
Convertible preferred series C shares (exercise price $0.01/share)	19,000	-
Convertible debt (exercise price $0.002- $0.02/share)	448,592,711	11,197,139
Total common stock equivalents	511,925,538	14,714,639

In the above table, some of the outstanding convertible debt from 2011 and 2010 contains ratchet provisions that would cause variability in the exercise price at the balance sheet date. As a result, common stock equivalents could change at each reporting period.

Reclassification

The Company has reclassified certain prior period amounts to conform to the current period presentation. These reclassifications had no effect on the financial position, results of operations or cash flows for the periods presented.

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MusclePharm Corporation and Subsidiary

Consolidated Notes to Financial Statements

December 31, 2011(Restated) and 2010 (Restated)

Recent Accounting Pronouncements

In May 2011, the FASB issued ASU No. 2011-04, which amended ASC Topic 820 to achieve common fair value measurements and disclosure requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS"). The amendments in ASU No. 2011-05 result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This amendment is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company does not anticipate this amendment will have a material impact on its financial statements.

Note 2 Going Concern

As reflected in the accompanying financial statements, the Company had a net loss of $23,280,950 and net cash used in operations of $5,801,761 for the year ended December 31, 2011; and a working capital deficit and stockholders' deficit of $13,693,267 and $12,971,212, respectively, at December 31, 2011.These factors raise substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue its operations is dependent on Management's plans, which include the raising of capital through debt and/or equity markets with some additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur liabilities with certain related parties to sustain the Company's existence.

The Company will require additional funding to finance the growth of its current and expected future operations as well as to achieve its strategic objectives. The Company believes its current available cash along with anticipated revenues may be insufficient to meet its cash needs for the near future. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all.

In response to these problems, management has taken the following actions:

- seeking additional third party debt and/or equity financing,
- continue with the implementation of the business plan,
- generate new sales from international customers; and
- allocate sufficient resources to continue with advertising and marketing efforts

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 Reverse Recapitalization

On February 18, 2010, the Company merged with Tone in Twenty, Inc. ("TIT"), a then public shell corporation, and MP became the surviving corporation, in a transaction treated as a reverse recapitalization. TIT did not have any operations and majority-voting control was transferred to MP.

In the recapitalization, MP acquired 26,000,000 shares of common stock from TIT in exchange for all member units in MP. Prior to the transaction, the Company paid approximately $25,000 to a former executive of TIT to acquire 366,662 of the 437,500 shares issued and outstanding, these shares were then immediately cancelled and retired. The remaining 70,838 shares were held by the selling stockholders as a deemed issuance in the recapitalization. After the transaction, there were 26,070,838 shares issued and outstanding. The transaction resulted in MP acquiring 99.7% control.

The transaction also requires a recapitalization of MP. Since MP acquired a controlling voting interest, it was deemed the accounting acquirer, while TIT was deemed the legal acquirer. The historical financial statements of the Company are those of MP and of the consolidated entities from the date of recapitalization and subsequent.

Since the transaction is considered a reverse recapitalization, the presentation of pro-forma financial information was not required.

MusclePharm Corporation and Subsidiary

Consolidated Notes to Financial Statements

December 31, 2011(Restated) and 2010 (Restated)

Note 4 Property and Equipment

Property and equipment consisted of the following at December 31, 2011 and 2010:

	2011	2010	Estimated Useful Life
Furniture, fixtures and gym equipment	$781,786	$55,305	3 years
Leasehold improvements	244,770	67,760	*
Auto	37,068	-	5 years
Displays	32,057	32,057	5 years
Website	11,462	11,462	3 years
Total	1,107,143	166,584	
Less: Accumulated depreciation and amortization	(199,621)	(28,033)	
	$907,522	$138,551	

* The shorter of 5 years or the life of the lease.

Note 5 Debt

At December 31, 2011 and 2010, debt consists of the following:

	2011	2010
Convertible debt - secured	$1,749,764	$605,000
Less: debt discount	(1,395,707)	(331,261)
Convertible debt - net	354,057	273,739
Auto loan - secured	26,236	-
Secured debt	-	187,500
Unsecured debt	2,380,315	78,249

Less: debt discount	(1,171,626)	-
Unsecured debt - net	1,208,689	78,249
Total debt	1,588,982	539,488
Less: current portion	(1,281,742)	(289,488)
Long term debt	$307,240	$250,000

As of December 31, 2011 and 2010, total debt in default as a component of short-term debt was $505,600 and $427,500, respectively.

(A) Convertible Debt – Secured - Derivative Liabilities

During the years ended December 31, 2011 and 2010, the Company issued convertible notes totaling $4,679,253, (including non-cash convertible note and accrued interest of $26,353 related to a reclassification from unsecured debt), and $846,000, respectively. The Convertible notes consist of the following terms:

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MusclePharm Corporation and Subsidiary

Consolidated Notes to Financial Statements

December 31, 2011(Restated) and 2010 (Restated)

		Year ended December 31, 2011 Amount of Principal Raised	Year ended December 31, 2010 Amount of Principal Raised	
Interest Rate		0% - 18%	8	%
Default interest rate		0% - 25%	0% - 22%	
Maturity		June 30, 2011 to June 29, 2015	December 31, 2010 - December 1, 2013	
Conversion terms 1	Lesser of (1) a Fifty Percent (50%) discount to the two lowest closing bid prices of the five days trading days immediately preceding the date of conversion or (ii) Two and One-Half Cents ($0.025) per share	$525,000	$-	
Conversion terms 2	200% - The "market price" will be equal to the average of (i) the average of the closing price of Company's common stock during the 10 trading days immediately preceding the date hereof and (ii) the average of the 10 trading days immediately subsequent to the date hereof.	$537,600	$-	
Conversion terms 3	200% of Face. Average of the trading price 10 trading days immidediately preceding the closing of the transaction	$177,000	$-	
Conversion terms 4	200% of Face. Fixed conversion price of	$105,000	$-	

	$0.02		
Conversion terms 5	300% of Face. Fixed conversion price of $0.02	$15,000	$-
Conversion terms 6	35% of the three lowest trading prices for previous 10 trading days	$250,000	$-
Conversion terms 7	45% of the three lowest trading prices for previous 10 trading days	$327,500	$-
Conversion terms 8	50% of average closing prices for 10 preceding trading days	$76,353	$-
Conversion terms 9	50% of lowest trade price for the last 20 trading days	$45,000	$-
Conversion terms 10	50% of the 3 lowest trades for previous 20 trading days	$33,000	$-
Conversion terms 11	50% of the lowest closing price for previous 5 trading days	$250,000	$-
Conversion terms 12	60% Multiplied by the average of the lowest 3 trading prices for common stock during the ten trading days prior to the conversion date	$233,000	$130,000
Conversion terms 13	62% of lowest trade price for the last 7 trading days	$40,000	$-
Conversion terms 14	65% of the lowest trade price in the 30 trading days previous to the conversion	$335,000	$250,000
Conversion terms 15	65% of the three lowest trading price for previous 30 trading days	$153,800	$-
Conversion terms 16	70% of lowest average trading price for 30 trading days	$1,366,000	$-
Conversion terms 17	No fixed conversion option	$35,000	$-
Conversion terms 18	35% multiplied by the average of the lowest three (3) Trading Prices (as defined below) for the Common Stock during the ten (10) Trading Day period	$75,000	$-

	ending on the latest complete Trading Day prior to the Conversion Date. "		
Conversion terms 19	Fixed conversion price of $0.03	$100,000	$-
Conversion terms 20	150% of Face	$-	$5,000
Conversion terms 21	200% of Face	$-	$426,000
Conversion terms 22	300% of Face	$-	$35,000
		$4,679,253	$846,000

The debt holders are entitled, at their option, to convert all or part of the principal and accrued interest into shares of the Company's common stock at conversion prices and terms discussed above. The Company classifies embedded conversion features in these notes as a derivative liability due to management's assessment that the Company may not have sufficient authorized number of shares of common stock required to net-share settle or due to the existence of a ratchet due to an anti-dilution provision. See Note 6 regarding accounting for derivative liabilities.

During the year ended December 31, 2011, the Company converted debt and accrued interest, totaling $5,126,809 into 294,339,121 shares of common stock resulting in a loss on conversion of $1,739,329.

Convertible debt consisted of the following activity and terms:

During the year ended December 31, 2011, $585,000 of convertible notes matured without conversion. These notes became demand loans and were reclassified as unsecured debt. Derivative liabilities associated with these notes were eliminated given the expiration of the embedded conversion option.

		Interest Rate		Maturity
Convertible Debt balance as of December 31, 2009	$897,500			
Borrowings during the year ended December 31, 2010	846,000	8	%	March 3, 2010 - December 1, 2013
Conversion of debt into 9,908,906 shares of common stock with a valuation of $1,143,500 ($0.045 - $0.667 /share)	(1,138,500)			
Balance as of December 31, 2010	605,000			
Borrowings during the year ended December 31, 2011	4,652,900	0% - 18	%	January 30, 2011 - June 29, 2015
Reclassifications from convertible notes to unsecured demand notes	(585,000)			

Conversion of debt to into 254,061,743 shares of common stock with a valuation of $4,268,857 ($0.0032 - $0.101/share)	(2,923,136)
Convertible Debt balance as of December 31, 2011	$1,749,764

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(B) Secured Debt

Secured debt consisted of the following activity and terms:

		Interest Rate		Maturity
Secured Debt balance as of December 31, 2009	$-			
Borrowings during the year ended December 31, 2010	187,500	0	%	May 18, 2010 - May 26, 2010
Balance as of December 31, 2010	187,500			
Conversion of debt to into 7,500,000 shares of common stock with a valuation of $437,500 ($0.058 - $0.059/share)	(187,500)			
Secured Debt balance as of December 31, 2011	$-			

(C) Unsecured Debt

Unsecured debt consisted of the following activity and terms:

		Interest Rate		Maturity
Unsecured Debt balance as of December 31, 2009	$30,000			
Borrowings during the year ended December 31, 2010	1,177,499	0% - 10	%	On Demand - September 29, 2011
Conversion of debt into 9,127,119 shares of common stock with a valuation of $1,439,141 ($0.50/share)	(1,129,250)			
Unsecured Debt balance as of December 31, 2010	78,249			
Borrowings during the year ended December 31, 2011	1,960,000	8% - 15	%	February 8, 2011 - June 21, 2014
Reclassifications from convertible notes to unsecured demand notes	585,000			
	(167,649)			

Conversion of debt to into 32,777,378 shares of common stock with a valuation of $420,452 ($0.01 - $0.05/share)	
Repayments	(75,285)
Unsecured Debt balance as of December 31, 2011	$2,380,315

(D) Auto Loan

Auto loan account consisted of the following activity and terms:

		Interest Rate	Maturity
Auto loan balance as of December 31, 2010	-		
Non-Cash fixed assets additions during the year ended December 31, 2011	32,568	6.99%	36 payments of $1,008
Repayments	(6,332)		
Auto loan balance as of December 31, 2011	$26,236		

(E) Debt Issue Costs

During the years ended 2011 and 2010, the Company paid debt issue costs totaling $263,283 and $42,000, respectively.

The following is a summary of the Company's debt issue costs:

	2011	2010
Debt issue costs	$305,283	$42,000
Accumulated amortization of debt issue costs	(237,095)	(7,596)
Debt issue costs – net	$68,188	$34,404

During 2011 and 2010, the Company amortized $229,499 and $7,596.

(F) Debt Discount

During the years ended 2011 and 2010, the Company recorded debt discounts totaling $5,473,291 and $380,000, respectively.

The debt discount recorded in 2011 and 2010 pertains to convertible debt that contains embedded conversion options that are required to bifurcated and reported at fair value (See Note 9).

The Company amortized $3,237,219 in 2011 and $48,739 in 2010 to interest expense.

	2011	2010
Debt discount	$5,804,552	$380,000
Amortization of debt discounts	(3,237,219)	(48,739)
Debt discount – net	$2,567,333	$331,261

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Note 6 Derivative Liabilities

The Company identified conversion features embedded within convertible debt, warrants and series A, preferred stock issued in 2011 and 2010 (see Notes 5 and 9). The Company has determined that the features associated with the embedded conversion option should be accounted for at fair value as a derivative liability as the Company could not determine if a sufficient number of shares would be available to settle all transactions. Additionally, at one point during 2011, the Company had received conversion notices from investors for which sufficient authorized shares were not available.

As a result of the application of ASC No. 815, the fair value of the conversion feature is summarized as follow:

Derivative liability - December 31, 2009	$-
Fair value at the commitment date for convertible instruments	473,638
Fair value mark to market adjustment	149,306
Derivative liability - December 31, 2010	622,944
Fair value at the commitment date for convertible instruments	6,590,351
Fair value at the commitment date for warrants issued	5,650,576
Fair value at the commitment date for Series A, Preferred Stock issued	293
Fair value mark to market adjustment for convertible instruments	(2,293,164)
Fair value mark to market adjustment for warrants	(2,868,818)
Fair value mark to market adjustment for Series A, Preferred Stock issued	(118)
Reclassification to additional paid in capital for financial instruments that ceased to be a derivative liability	(640,826)
Derivative liability - December 31, 2011	$7,061,238

The Company recorded the debt discount to the extent of the gross proceeds raised, and expensed immediately the remaining value of the derivative as it exceeded the gross proceeds of the note. The Company recorded a derivative expense of $4,777,654 and $93,638 for 2011 and 2010 respectively.

The fair value at the commitment and re-measurement dates for the Company’s derivative liabilities were based upon the following management assumptions as of December 31, 2011:

	Commitment Date		Re-measurement Date	
Expected dividends	0	%	0	%
Expected volatility	150% -226	%	150% -226	%
Expected term:	0.02 – 5 years		0.02 – 5 years	
Risk free interest rate	0.06% - 2.76	%	0.09% - 0.31	%

The fair value at the commitment and re-measurement dates for the Company's derivative liabilities were based upon the following management assumptions as of December 31, 2010:

	Commitment Date		Re-measurement Date	
Expected dividends	0	%	0	%
Expected volatility	150	%	150	%
Expected term:	0.75 – 3 years		0.37 – 2.92 years	
Risk free interest rate	0.18% - 2.76	%	0.19	%

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Note 7 Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. Deferred taxes relate to differences between the basis of assets and liabilities for financial and income tax reporting which will be either taxable or deductible when the assets or liabilities are recovered or settled.

At December 31, 2011, the Company has a net operating loss carry-forward of approximately $16,355,000 available to offset future taxable income expiring through 2031. Utilization of future net operating losses may be limited due to potential ownership changes under Section 382 of the Internal Revenue Code.

The valuation allowance at December 31, 2010 was $ 2,495,000. The net change in valuation allowance during the year ended December 31, 2011 was an increase of approximately $6,075,000. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on consideration of these items, management has determined that enough uncertainty exists relative to the realization of the deferred income tax asset balances to warrant the application of a full valuation allowance as of December 31, 2011.

The effects of temporary differences that gave rise to significant portions of deferred tax assets at December 31, 2011 and 2010 are approximately as follows:

	December 31, 2011	December 31, 2010
Net operating loss carry forward	$ 6,061,000	$ 1,986,000
Amortization of debt discount and debt issue costs	1,465,000	465,000
Stock options and warrants	971,000	0
Bad debt	73,000	44,000
Valuation allowance	(8,570,000)	(2,495,000)

Net deferred tax asset	$ -	$ -

There was no income tax expense for the year ended December 31, 2011 and 2010 due to the Company's net losses.

The Company's tax expense differs from the "expected" tax expense for the years ended December 31, 2011 and 2010, (computed by applying the Federal Corporate tax rate of 34% to loss before taxes and 4.63% for Colorado State Corporate Taxes, the blended rate used was 37.1%), are approximately as follows:

	December 31, 2011	December 31, 2010
Federal tax benefit at statutory rate	$ (7,916,000)	$ (6,216,000)
State tax benefit – net of federal tax effect	(501,000)	(888,000)
Derivative expense	1,625,000	35,000
Change in fair value of derivative liability	(1,755,000)	55,000
Loss on settlement of accounts payable	1,313,000	161,000
Non-deductible stock compensation	1,091,000	4,354,000
Other non-deductible expenses	68,000	4,000
Change in valuation allowance	6,075,000	2,495,000
Income tax benefit	$ -	$ -

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Note 8 Commitments, Contingencies and other matters

(A) Operating Lease

In August 2010, the Company leased office space under a non-cancelable operating lease, expiring in December 2015.

Future minimum annual rental payments are approximately as follows:

Year Ended December 31,

2012	$86,000
2013	92,000
2014	98,000
2015	105,000
Total minimum lease payments	$381,000

Rent expense for the years ended December 31, 2011 and 2010 was $154,155 and $138,357, respectively.

(B) Factoring Agreement

In April 2010, the Company entered into a factoring agreement and sold its accounts receivable. During 2010, the Company was subject legal proceedings with the factor, as a result of the Company's customers not remitting funds directly to the factor. At December 31, 2010, the Company no longer factored its accounts receivable.

A settlement, of $96,783, was reached. During 2010, the Company repaid $25,000, leaving a balance of $71,783 due to factor. In 2011, the Company paid $10,000.

On February 28, 2011, the remaining $65,930, inclusive of fees and interest, was settled with the issuance of 2,187,666 shares of common stock, having a fair value of $131,206 ($0.06/share), based upon the quoted closing trading price. The Company recorded a loss on settlement of accounts payable $65,330.

(C) Legal Matters

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise that may harm its business. The Company is party to the following legal matters as of December 31, 2011:

- Plaintiff alleges the Company use of Creatine Nitrate in product infringed on a patent held by the Plaintiff. The Company believes the Plaintiffs case is without merit.

- Plaintiff alleges the Company’s use of the tagline "Train like an unchained beast" infringes on their mark "Beast" for dietary supplements. Plaintiff's primary goal is not damages, but rather that the Company cease using the tagline. Settlement discussions are ongoing in this case and the Company intends to defend its position.

- Plaintiff has filed notices of intent to commence litigation on over 200 sports nutrition and dietary supplement companies in the US and Canada, including the Company. Plaintiff alleges violations of California's Proposition 65. The Company considers this case without merit and merely an attempt by a commercial plaintiff to pressure settlements. Plaintiff conveyed a settlement offer in the amount of $121,500 to which the Company has not yet responded. The Company has recorded an accrual in the amount of $121,500 as of December 31, 2011.

- Beginning in October 2009, the Company engaged in various business dealings regarding the manufacturing, sale and distribution of products with Fit Foods Manufacturing, Ltd. and Fit Foods Distribution, Inc. Jointly, "Fit Foods"). MusclePharm and Fit Foods subsequently became involved in a business dispute regarding their respective obligations and filed claims against each other in District Court. The Parties settled their dispute on December 22, 2010. The Company issued 13,987,393 shares of common stock having a fair value of $676,980 ($0.048/share), based upon the quoted closing trading price which settled outstanding accounts payable of $333,666, resulting in a loss on settlement of $343,314 All settlement payments have been made and the case was dismissed on July 1, 2011.

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(D) Payroll Taxes

As of December 31, 2011 and 2010, accounts payable and accrued expenses included approximately $168,000 and $367,860, respectively, pertaining to accrued payroll taxes. The taxes represent employee withholdings that have yet to be remitted to the taxing agencies.

Note 9 Stockholders' Deficit

The Company has three separate series of authorized preferred stock:

(A) Series A, Convertible Preferred Stock

During 2010, the Company issued 16,666,600 shares of common stock in connection with the conversion of 83,333 shares of Series A, convertible preferred stock. There was no gain or loss on conversion as the transaction was accounted for at par value in connection with the reverse recapitalization in 2010. (See Note 3)

This class of stock has the following provisions:

- Non-voting,
- No rights to dividends,
- No liquidation value,
- Convertible into 200 shares of common stock

(B) Series B, Preferred Stock (Related Parties)

In August 2011, the Company issued an aggregate 51 shares of Series B, preferred stock to 2 of its officers and directors. The Company accounted for the share issuance at par value since there was no future economic value that could be associated with the issuance.

This class of stock has the following provisions:

- Voting rights entitling the holders to an aggregate 51% voting control,
- Initially no rights to dividends,
- Stated value of $0.001 per share,
- Liquidation rights entitle the receipt of net assets on a pro-rata basis; and
- Non-convertible

(C) Series C, Convertible Preferred Stock

In October 2011, the Company issued 190 shares of Series C, preferred stock, having a fair value of $190,000. Of the total shares issued, 100 shares were issued for $100,000 ($1,000 /share). The remaining 90 shares were issued for services rendered having a fair value of $90,000 ($1,000 /share), based upon the stated value per share.

This class of stock has the following provisions:

- Stated Value - $1,000 per share,
- Non-voting,
- Liquidation rights entitle an amount equal to the stated value, plus any accrued and unpaid dividends
- As long as any Series C, convertible preferred stock is outstanding, the Company is prohibited from executing various corporate actions with the majority consent of the Series C, convertible preferred stockholders authorization; and
- Convertible at the higher of (a) $0.01 or (b) such price that is a 50% discount to market using the average of the low 2 closing bid prices, 5 days preceding conversion

Due to the existence of an option to convert at a variable amount, the Company has applied ASC No. 815, and treated this series of preferred stock as a derivative liability due to the potential for settlement in a variable quantity of shares. Additionally, the Company computed the fair value of the derivative liability at the commitment date and remeasurement date, which was $293 and $175, respectively, using the black-scholes assumptions below. This transaction is analogous to a dividend with a direct charge to retained earnings.

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(D) Common Stock

In 2011, the Company issued the following common stock:

Transaction Type	Quantity	Valuation	Range of Value per Share	
Conversion of convertible debt	254,061,743	$4,268,857	$	0.003–0.10
Conversion of unsecured/secured debt	40,277,378	$857,952	$	0.05–0.06
Settlement of accounts payable and accrued expenses (1)	54,545,896	$3,646,719	$	0.03–0.12
Extension of debt maturity date	9,375,000	$161,250	$	0.017–0.02
Services – rendered	46,521,157	$1,199,844	$	0.00–1.15
Cash and warrants	82,000,000	$875,000	$	0.03
Services – prepaid stock compensation (2)	4,000,000	$214,250	$	0.05–.08
Cancelled shares (3)	(3,500,000)	$-	$	0.03
Total	487,281,174	$11,223,872	$	0.00–1.15

The fair value of all stock issuances above is based upon the quoted closing trading price on the date of issuance, except for stock issued for cash and warrants, which was based upon the cash received. Stock issued in the conversion of preferred stock was recorded at par value.

The following is a more detailed description of some of the Company’s stock issuances from the table above:

(1) Settlement of Accounts Payable and Accrued Expenses and Loss on Settlement

The Company settled $1,523,590 in accounts payable and recorded a loss on settlement of $2,123,129.

Loss on settlement of accounts payable and accrued expenses	$2,123,129
Loss on settlement of debt (Note 5)	1,739,329

Total loss on settlement	$3,862,458

(2) Prepaid Stock Compensation

The following represents the allocation of prepaid stock compensation as of December 31, 2011 and 2010:

Prepaid stock compensation – December 31, 2009	$-
Prepaid stock compensation additions during the year ended December 31, 2010	2,734,548
Amortization of prepaid stock compensation	(768,637)
Prepaid stock compensation – December 31, 2010	1,965,911
Prepaid stock compensation additions during the year ended December 31, 2011	214,250
Non cash increase in accounts payable related to future services to be paid for with common stock	100,000
Amortization of prepaid stock compensation	(1,745,705)
Prepaid stock compensation – December 31, 2011	$534,456

The agreements commenced during the periods February – July 2011 and terminate August 2011 through July 2012.

The following represents the allocation of prepaid stock compensation at December 31, 2011:

Prepaid expense that will be amortized in 2012	$534,456

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(3) Cancelled Shares

The Company cancelled 3,500,000 shares during the year ended December 31, 2011, valued at par ($0.001). The Company has disputed the issuance of these shares due to non-performance by a consultant. These shares were originally issued in 2010 as a component of stock issued for services rendered.

In 2010, the Company issued the following common stock:

Transaction Type	Quantity	Valuation	Range of Value per Share	
Reverse recapitalization	26,070,838	$-		-
Conversion of preferred stock	16,666,600	$16,667	$	0.001
Conversion of convertible debt	7,708,906	$1,033,500	$	0.05–0.67
Settlement of accounts payable (1)	9,014,286	$433,400	$	0.05–0.42
Settlement of notes payable (2)	4,165,571	$1,191,064	$	0.05–0.55
Settlement of notes payable - officer	7,161,548	$358,077	$	0.05
Cash and warrants – net of payment in recapitalization of ($25,107)	4,167,767	$1,503,569	$	0.27-0.50
Services – rendered	22,457,214	$4,554,615	$	0.05–1.16
Services – rendered – officers (bonus)	10,000,000	$5,300,000	$	0.53
Services – prepaid stock compensation (5)	10,545,200	$2,734,548	$	0.06–1.16
Contract settlement (3)	511,509	$100,000	$	0.20
Extension of debt maturity date (4)	130,000	$95,500	$	0.61–1.15
Secured debt offering	50,000	$30,500	$	0.61
Total	118,649,439	$17,376,547	$	0.001–1.16

The fair value of all stock issuances above is based upon the quoted closing trading price on the date of issuance, except for stock issued for cash and warrants, which was based upon the cash received. Stock issued in the conversion of preferred stock was recorded at par value.

The following is a more detailed description of some of the Company’s stock issuances from the table above:

(1) Settlement of Accounts Payable and Loss on Settlement

Of the total shares issued to settle accounts payable, the Company issued 8,928,571 shares of common stock having a fair value of $400,000 ($0.045/share), based upon the quoted closing trading price. The Company settled $375,000 in accounts payable, paid a fee of $25,000, and recorded a loss on settlement of $112,500.

The Company also paid cash to settle accounts payable of $84,715 and recorded a gain on settlement, as a result, the Company has recorded a total net loss on settlement of accounts payable of $27,785.

(2) Settlement of Notes payable

In connection with the stock issued to settle notes payable, the Company issued 1,965,571 shares of common stock having a fair value of $1,081,064 ($0.55/share), based upon the quoted closing trading price. The Company settled $678,325 in notes payable and recorded a loss on settlement of $402,739.

(3) Contract Settlement

In connection with litigation (See Note 8), the Company issued stock that has been accounted for as a settlement expense and a component of other expense.

(4) Extension of Debt Maturity

The Company issued stock to extend the maturity date of certain notes and recorded additional interest expense.

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(5) Prepaid Stock Compensation

The agreements commenced during the periods March – December 2010 and terminate during the periods March 2011 - November 2012.

Prepaid stock compensation is included as a component of prepaid and other current and long term assets.

(E) Stock Options

On February 1, 2010, the Company's board of directors and shareholders approved the 2010 Stock Incentive Plan ("2010 Plan"). The 2010 Plan allows the Company to grant incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units and stock appreciation rights to key employees and directors of the Company or its subsidiaries, consultants, advisors and service providers. Any stock option granted in the form of an incentive stock option will be intended to comply with the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. Only stock options granted to employees qualify for incentive stock option treatment. No incentive stock option shall be granted after February 1, 2020, which is 10 years from the date the 2010 Plan was initially adopted. A stock option may be exercised in whole or in installments, which may be cumulative. Shares of common stock purchased upon the exercise of a stock option must be paid for in full at the time of the exercise in cash or such other consideration determined by the compensation committee. Payment may include tendering shares of common stock or surrendering of a stock award, or a combination of methods.

The 2010 Plan will be administered by the compensation committee. The compensation committee has full and exclusive power within the limitations set forth in the 2010 Plan to make all decisions and determinations regarding the selection of participants and the granting of awards; establishing the terms and conditions relating to each award; adopting rules, regulations and guidelines; and interpreting the 2010 Plan. The Compensation Committee will determine the appropriate mix of stock options and stock awards to be granted to best achieve the objectives of the Plan. The 2010 Plan may be amended by the Board or the compensation committee, without the approval of stockholders, but no such amendments may increase the number of shares issuable under the 2010 Plan or adversely affect any outstanding awards without the consent of the holders thereof. The total number of shares that may be issued shall not exceed 5,000,000, subject to adjustment in the event of certain recapitalizations, reorganizations and similar transactions.

On April 2, 2010, the Company issued 2,767,500 stock options, having a fair value of $630,990, which was expensed immediately since all stock options vested immediately. These options expire on April 2, 2015.

The Company applied fair value accounting for all share based payment awards. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes assumptions used in the year ended December 31, 2010 is as follows:

Exercise price	$0.50	
Expected dividends	0	%
Expected volatility	74.8	%
Risk fee interest rate	1.4	%
Expected life of option	2.5 years	
Expected forfeitures	0	%

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The following is a summary of the Company's stock option activity:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance – December 31, 2009	-	-	-	
Granted	2,767,500	0.50	4.25 years	
Exercised	-	-	-	
Forfeited/Cancelled	-	-	-	
Balance – December 31, 2010	2,767,500	$ 0.50	4.25 years	-
Granted	-	$		
Exercised	-	$		
Forfeited/Cancelled	(1,150,000)	$ 0.50		
Balance – December 31, 2011 – outstanding	1,617,500	$ 0.50	3.25 years	$ -
Balance – December 31, 2011 – exercisable	1,617,500	$ 0.50	3.25 years	$ -
Grant date fair value of options granted – 2010		$ 630,990		
Weighted average grant date fair value – 2010		$ 0.50		
Outstanding options held by related parties – 2011	2,000,000			
Exercisable options held by related parties – 2010	2,000,000			
Outstanding options held by related parties – 2011	1,000,000			
Exercisable options held by related parties – 2011	1,000,000			

(F) Stock Warrants

During 2010, the Company issued 750,000 five-year warrants, with a weighted average exercise price of $0.021/share.

All warrants issued during 2011 were accounted for as derivative liabilities. See Note 6.

During 2011, the Company entered into convertible and unsecured note agreements. As part of these agreements, the Company issued warrants to purchase 162,388,233 shares of common stock. Each warrant vests six month after issuance and expire July 14, 2013 – June 28, 2016, with exercise prices ranging from $0.015 - $0.06.

During 2011, the Company issued 120,200,000 warrants for services performed. The warrants have a vesting range of immediate to six months after issuance and expire February 28, 2014 – April 15, 2016, with exercise prices ranging from $0.002 - $0.1. The value of the warrants, $1,989,982, calculated using the below black-scholes assumptions, was expensed as compensation with the offset being recorded to derivative liabilities, since the Company applied the provisions of ASC No. 815, pertaining to the potential settlement in a variable amount of shares.

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MusclePharm Corporation and Subsidiary

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A summary of warrant activity for the Company for the year ended December 31, 2010 and for the year ended December 31, 2011 is as follows:

	Number of Warrants	Weighted Average Exercise Price	
Balance at December 31, 2009	-		-
Granted	750,000	$	1.5
Exercised	-	$	-
Forfeited	-	$	-
Balance as December 31, 2010	750,000	$	1.50
Granted	282,588,233	$	.02
Exercised	-	$	-
Forfeited	-	$	-
Balance as December 31, 2011	283,338,233	$	.02

Warrants Outstanding				Warrants Exercisable		
Range of exercis price	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Numbers Exercisable	Weighted Average Exercise Price	Intrinsic Value
$ 0.02 - $1.50	283,338,233	2.85	$ $0.021	61,696,327	$ 0.042	$875,000

Note 10 Subsequent Events

(A) Common Stock

On March 26, 2012, the Company increase the Company’s authorized common stock from 1,000,000,000 shares to 2,500,000,000 shares.

During the 1 st quarter of 2012, the Company issued 20,000,000 shares of common stock to an officer, having a fair value of $280,000 ($0.014/share), based upon the quoted closing trading price.

(B) Warrants

During the 1 st quarter of 2012, the Company issued 32,000,000 shares of common stock for $285,760 ($0.00893/share) in connection with the exercise of warrants.

(C) Debt, Debt Conversion and Warrants

Notes

During the 1 st quarter of 2012, the Company executed notes payable and received net proceeds of $3,061,000. The notes are unsecured, bear interest at 15% and mature 18 months from issuance. In connection with this debt issuance, the Company granted 241,125,000, 2.5 year warrants, with exercise prices ranging from $0.012/share - $0.015/share, and vest 6 months from grant.

Convertible Notes

During the 1 st quarter of 2012, the Company executed convertible notes for $519,950 resulting in net cash proceeds of $489,950, ($30,000 paid as debt issue costs). The notes mature between 6 months – 1 year. The notes bear interest ranging from 8% - 10%, with default interest rates ranging from 20% - 24%.

These notes may be convertible as follows, depending upon the terms of each issuance:

- 35% of the average, 3 lowest trading days, prior to the 10 days before conversion,
- 62% of the lowest trading price during the 7 days before conversion; and
- 65% of the lowest trading price during the 30 days before conversion

Debt Conversions

During the 1 st quarter of 2012, the Company settled $2,443,214 of secured convertible debt, unsecured debt and accrued interest with the payment of $2,895,576 and the issuance of 267,308,200 shares of common stock. In addition, all related 58,971,327 warrants were cancelled. As a result of the debt conversion and cancellation of warrants, all associated derivative liabilities underlying these instruments cease to exist.

During the 1 st quarter of 2012, the Company repurchased 14,542,939 shares of common stock from an investor for $230,400 ($0.0158/share). The Company has paid $100,000, the balance will be paid in the 2 nd quarter of 2012. In connection with the repurchase, the Company has accounted for this transaction in accordance with ASC 505-30, "*treasury stock*".

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MUSCLEPHARM CORPORATION

84,400,000 SHARES OF COMMON STOCK

PROSPECTUS

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The Date of This Prospectus is ____________, 2012

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PART II – INFORMATION NOT REQUIRED IN THE PROSPECTUS

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Nevada Law

Section 78.7502 of the Nevada General Corporation Law contains provisions authorizing indemnification by the Company of directors, officers, employees or agents against certain liabilities and expenses that they may incur as directors, officers, employees or agents of the Company or of certain other entities. Section 78.7502(3) provides for mandatory indemnification, including attorney's fees, if the director, officer, employee or agent has been successful on the merits or otherwise in defense of any action, suit or proceeding or in defense of any claim, issue or matter therein.

Section 78.751 provides that such indemnification may include payment by the Company of expenses incurred in defending a civil or criminal action or proceeding in advance of the final disposition of such action or proceeding upon receipt of an undertaking by the person indemnified to repay such payment if he shall be ultimately found not to be entitled to indemnification under the Section. Indemnification may be provided even though the person to be indemnified is no longer a director, officer, employee or agent of the Company or such other entities.

Section 78.752 authorizes the Company to obtain insurance on behalf of any such director, officer employee or agent against liabilities, whether or not the Company would have the power to indemnify such person against such liabilities under the provisions of the Section 78.7502. The indemnification and advancement of expenses provided pursuant to Sections 78.7502 and 78.751 are not exclusive, and subject to certain conditions, the Company may make other or further indemnification or advancement of expenses of any of its directors, officers, employees or agents. Because neither the Articles of Incorporation, as amended, or By-laws of the Company otherwise provide, notwithstanding the failure of the Company to provide indemnification and despite a contrary determination by the board of directors or its shareholders in a specific case, a director, officer, employee or agent of the Company who is or was a party to a proceeding may apply to a court of competent jurisdiction for indemnification or advancement of expenses or both, and the court may order indemnification and advancement of expenses, including expenses incurred in seeking court-ordered indemnification or advancement of expenses if it determines that the petitioner is entitled to mandatory indemnification pursuant to Section 78.7502(3) because he has been successful on the merits, or because the Company has the power to indemnify on a discretionary basis pursuant to Section 78.7502 or because the court determines that the petitioner is fairly and reasonably entitled to indemnification or advancement of expenses or both in view of all the relevant circumstances.

Articles of Incorporation and Bylaws

Our Articles of Incorporation and By-laws, as amended, empower us to indemnify our current or former directors, officers, employees or agents or persons serving by our request in such capacities in any other enterprise or persons who have served by our request is in such capacities in any other enterprise to the full extent permitted by the laws of the State of Nevada. Pursuant to Nevada law and our Articles of Incorporation and By-laws, our officers and directors (and former officers and directors) are entitled to indemnification from us to the full extent permitted by law. Our Articles of Incorporation and By-laws generally provide for such indemnification for claims arising out of the acts or omissions of our officers and directors in their capacity as such, undertaken in good faith and in a manner reasonably believed to be in, or not opposed to, our best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. The conditions and extent of indemnification are set forth in the Articles of Incorporation and By-laws. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to officers, directors or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

RECENT SALES OF UNREGISTERED SECURITIES

Issuance of Shares Pursuant to a Share Exchange Agreement

On February 18, 2010, the Company issued a total of 26,000,000 shares of its common stock to the 12 former owners of Muscle Pharm, LLC, in exchange for all of the Muscle Pharm, LLC units. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 17, 2012, the Company issued 196,604 shares of its common stock to the holder of a warrant agreement in exchange for the cancellation of the agreement. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 12, 2012, the Company issued 7,000,000 of its common stock to the holder of a warrant agreement in exchange for the cancellation of the agreement. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Conversion of Preferred Stock into Shares of Common Stock

On February 26, 2010, 83 shares of the Company's Series A Convertible Preferred Stock were converted into 83,200 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 30, 2010, 500 shares of the Company's Series A Convertible Preferred Stock were converted into 500,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 30, 2010, 750 shares of the Company's Series A Convertible Preferred Stock were converted into 750,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On April 29, 2010, 550 shares of the Company's Series A Convertible Preferred Stock were converted into 550,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 12, 2010, 550 shares of the Company's Series A Convertible Preferred Stock were converted into 550,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2010, 650 shares of the Company's Series A Convertible Preferred Stock were converted into 650,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 7, 2010, 600 shares of the Company's Series A Convertible Preferred Stock were converted into 600,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 7, 2010, 100 shares of the Company's Series A Convertible Preferred Stock were converted into 100,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 7, 2010, 100 shares of the Company’s Series A Convertible Preferred Stock were converted into 100,000 shares of the Company’s common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 7, 2010, 18 shares of the Company’s Series A Convertible Preferred Stock were converted into 18,000 shares of the Company’s common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 30, 2010, 450 shares of the Company’s Series A Convertible Preferred Stock were converted into 450,000 shares of the Company’s common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 13, 2010, 300 shares of the Company’s Series A Convertible Preferred Stock were converted into 300,000 shares of the Company’s common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 13, 2010, 100 shares of the Company’s Series A Convertible Preferred Stock were converted into the Company’s 100,000 shares of common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 23, 2010, 550 shares of the Company’s Series A Convertible Preferred Stock were converted into 550,000 shares of the Company’s common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 30, 2010, 575 shares of the Company’s Series A Convertible Preferred Stock were converted into 575,000 shares of the Company’s common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 9, 2010, 600 shares of the Company's Series A Convertible Preferred Stock were converted into 600,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 14, 2010, 1,100 shares of the Company's Series A Convertible Preferred Stock were converted into 1,100,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 21, 2010, 1,240 shares of the Company's Series A Convertible Preferred Stock were converted into 1,240,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 23, 2010, 1,290 shares of the Company's Series A Convertible Preferred Stock were converted into 1,290,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 24, 2010, 1,340 shares of the Company's Series A Convertible Preferred Stock were converted into 1,340,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 28, 2010, 1,540 shares of the Company's Series A Convertible Preferred Stock were converted into 1,540,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, 1,600 shares of the Company's Series A Convertible Preferred Stock were converted into 1,600,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 29, 2010, 150 shares of the Company's Series A Convertible Preferred Stock were converted into 150,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 2, 2010, 363 shares of the Company's Series A Convertible Preferred Stock were converted into 363,400 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 16, 2010, 1,087 shares of the Company's Series A Convertible Preferred Stock were converted into 1,087,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 17, 2010, 202 shares of the Company's Series A Convertible Preferred Stock were converted into 201,776 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 20, 2010, 200 shares of the Company's Series A Convertible Preferred Stock were converted into 200,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 30, 2010, 78 shares of the Company's Series A Convertible Preferred Stock were converted into 78,224 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 28, 2012, 190 shares of the Company's Series A Convertible Preferred Stock were converted into 19,000,000 shares of the Company's common stock, issued to one investor pursuant to a conversion notice. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Conversion of Convertible Notes into Shares of Common Stock

On March 22, 2010, a convertible noteholder converted $5,000 in principal into 7,500 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 23, 2010, a convertible noteholder converted $100,000 in principal into 350,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 24, 2010, a convertible noteholder converted $10,000 in principal into 20,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 25, 2010, a convertible noteholder converted $12,500 in principal into 18,750 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 28, 2010, a convertible noteholder converted $25,000 in principal into 50,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 3, 2010, a convertible noteholder converted $5,000 in principal into 7,500 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 3, 2010, a convertible noteholder converted $12,500 in principal into 21,500 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 17, 2010, a convertible noteholder converted $5,000 in principal into 7,500 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 17, 2010, a convertible noteholder converted $5,000 in principal into 10,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 17, 2010, a convertible noteholder converted $5,000 in principal into 10,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 17, 2010, a convertible noteholder converted $2,500 in principal into 5,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 17, 2010, a convertible noteholder converted $4,000 in principal into 8,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 17, 2010, a convertible noteholder converted $5,000 in principal into 10,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 17, 2010, a convertible noteholder converted $5,000 in principal into 10,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 17, 2010, a convertible noteholder converted $2,000 in principal into 4,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 17, 2010, a convertible noteholder converted $2,500 in principal into 5,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, a convertible noteholder converted $10,000 in principal into 30,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, a convertible noteholder converted $2,500 in principal into 5,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, a convertible noteholder converted $25,000 in principal into 50,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, a convertible noteholder converted $5,000 in principal into 10,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 21, 2010, a convertible noteholder converted $5,000 in principal into 10,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, a convertible noteholder converted $140,000 in principal into 400,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, a convertible noteholder converted $5,000 in principal into 7,500 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, a convertible noteholder converted $5,000 in principal into 7,500 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, a convertible noteholder converted $2,500 in principal into 5,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, a convertible noteholder converted $5,000 in principal into 10,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, a convertible noteholder converted $150,000 in principal into 428,572 shares of common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, a convertible noteholder converted $102,500 in principal into 312,957 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 15, 2010, a convertible noteholder converted $150,000 in principal into 1,639,179 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 15, 2010, a convertible noteholder converted $25,000 in principal into 273,891 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 15, 2010, a convertible noteholder converted $25,000 in principal into 273,722 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 14, 2010, a convertible noteholder converted $120,000 in principal into 2,594,564 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 14, 2010, a convertible noteholder converted $50,000 in principal into 1,106,521 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 25, 2011, a convertible noteholder converted $215,880 in principal into 3,270,904 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 17, 2011, a convertible noteholder converted $64,841 in principal into 1,080,689 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 22, 2011, a convertible noteholder converted $12,000 in principal into 333,333 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 25, 2011, a convertible noteholder converted $15,000 in principal into 443,787 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 1, 2011, a convertible noteholder converted $13,000 in principal into 416,667 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 3, 2011, a convertible noteholder converted $10,000 in principal into 392,157 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 18, 2011, a convertible noteholder converted $12,000 in principal into 500,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 22, 2011, a convertible noteholder converted $15,000 in principal into 581,395 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 24, 2011, a convertible noteholder converted $13,000 in principal into 540,741 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On April 27, 2011, a convertible noteholder converted $8,225 in principal into 350,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On April 28, 2011, a convertible noteholder converted $25,208 in principal into 892,326 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On April 29, 2011, a convertible noteholder converted $25,170 in principal into 923,685 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 2, 2011, a convertible noteholder converted $25,219 in principal into 951,667 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 11, 2011, a convertible noteholder converted $36,400 in principal into 1,400,000 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 11, 2011, a convertible noteholder converted $36,400 in principal into 1,400,000 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 17, 2011, a convertible noteholder converted $10,228 in principal into 417,467 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 17, 2011, a convertible noteholder converted $10,228 in principal into 417,467 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 17, 2011, a convertible noteholder converted $2,018 in principal into 82,834 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $10,067 in principal into 402,667 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $40,088 in principal into 1,083,450 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $10,024 in principal into 237,256 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $9,018 in principal into 243,722 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $10,022 in principal into 230,388 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $50,110 in principal into 1,186,025 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $25,110 in principal into 865,848 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $25,110 in principal into 865,848 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $5,034 in principal into 165,048 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $25,170 in principal into 825,241 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $10,068 in principal into 335,598 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $5,140 in principal into 102,805 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 19, 2011, a convertible noteholder converted $15,102 in principal into 554,199 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 24, 2011, a convertible noteholder converted $39,000 in principal into 1,500,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 27, 2011, a convertible noteholder converted $25,000 in principal into 1,250,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 31, 2011, a convertible noteholder converted $78,000 in principal into 3,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 2, 2011, a convertible noteholder converted $125,345 in principal into 3,679,355 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 3, 2011, a convertible noteholder converted $15,000 in principal into 625,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 8, 2011, a convertible noteholder converted $50,000 in principal into 2,840,910 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 9, 2011, a convertible noteholder converted $63,473 in principal into 3,100,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

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On June 20, 2011, a convertible noteholder converted $50,000 in principal into 4,132,232 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 20, 2011, a convertible noteholder converted $71,663 in principal into 4,500,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 23, 2011, a convertible noteholder converted $47,775 in principal into 3,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 29, 2011, a convertible noteholder converted $15,000 in principal into 955,414 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 29, 2011, a convertible noteholder converted $20,000 in principal into 1,273,885 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2011, a convertible noteholder converted $6,600 in principal into 417,722 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 1, 2011, the Company issued 699,200 shares of the Company's common stock for a May 2011 conversion of convertible notes to common stock payable. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 3, 2011, a convertible noteholder converted $5,000 in principal into 208,644 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 8, 2011, a convertible noteholder converted $8,600 in principal into 353,713 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 11, 2011, a convertible noteholder converted $50,000 in principal into 3,636,364 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 12, 2011, a convertible noteholder converted $40,000 in principal into 3,095,455 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 14, 2011, a convertible noteholder converted $75,000 in principal into 6,234,327 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 20, 2011, a convertible noteholder converted $77,000 in principal into 5,000,000 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder

On July 20, 2011, a convertible noteholder converted $46,500 in principal into 6,038,961 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder

On July 26, 2011, a convertible noteholder converted $75,000 in principal into 5,999,069 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 28, 2011, a convertible noteholder converted $75,000 in principal into 5,999,069 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 29, 2011, a convertible noteholder converted $8,000 in principal into 333,616 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 1, 2011, a convertible noteholder converted $50,000 in principal into 3,300,247 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 2, 2011, a convertible noteholder converted $125,000 in principal into 5,216,103 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 3, 2011, a convertible noteholder converted $10,000 in principal into 660,049 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 16, 2011, a convertible noteholder converted $87,500 in principal into 5,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 24, 2011, a convertible noteholder converted $15,000 in principal into 980,392 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 29, 2011, a convertible noteholder converted $15,000 in principal into 1,013,514 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 6, 2011, a convertible noteholder converted $10,000 in principal into 872,180 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 7, 2011, a convertible noteholder converted $52,500 in principal into 3,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 13, 2011, a convertible noteholder converted $50,000 in principal into 10,164,384 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 19, 2011, a convertible noteholder converted $10,000 in principal into 1,204,819 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 22, 2011, a convertible noteholder converted $12,000 in principal into 1,445,783 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 23, 2011, a convertible noteholder converted $25,000 in principal into 2,577,320 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 26, 2011, a convertible noteholder converted $12,000 in principal into 1,445,783 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 4, 2011, a convertible noteholder converted $6,000 in principal into 863,636 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 4, 2011, a convertible noteholder converted $60,000 in principal into 8,700,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 10, 2011, a convertible noteholder converted $25,000 in principal into 3,270,933 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 21, 2011, a convertible noteholder converted $35,000 in principal into 3,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 28, 2011, a convertible noteholder converted $10,000 in principal into 1,030,928 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 2, 2011, a convertible noteholder converted $11,000 in principal into 1,111,111 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 4, 2011, a convertible noteholder converted $19,000 in principal into 2,039,604 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 8, 2011, a convertible noteholder converted $16,666 in principal into 1,969,162 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 18, 2011, a convertible noteholder converted $50,000 in principal into 8,163,265 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 18, 2011, a convertible noteholder converted $100,000 in principal into 10,394,521 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 22, 2011, a convertible noteholder converted $75,000 in principal into 4,687,500 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 22, 2011, a convertible noteholder converted $75,000 in principal into 4,687,500 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 23, 2011, a convertible noteholder converted $16,666 in principal into 1,932,290 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 23, 2011, a convertible noteholder converted $25,000 in principal into 2,990,431 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 23, 2011, a convertible noteholder converted $33,000 in principal into 4,955,237 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 30, 2011, a convertible noteholder converted $25,000 in principal into 3,443,527 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 1, 2011, a convertible noteholder converted $50,000 in principal into 11,773,848 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 13, 2012 the Company issued to a convertible noteholder 15,652,207 shares of the Company’s common stock in connection with the conversion $125,000 in principal on May 6, 2011. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 15, 2011, a convertible noteholder converted $49,500 in principal into 6,848,182 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 16, 2011, a convertible noteholder converted $16,668 in principal into 3,217,140 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 16, 2011, a convertible noteholder converted $58,500 in principal into 15,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 16, 2011, a convertible noteholder converted $70,157 in principal into 15,590,562 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 16, 2011, a convertible noteholder converted $25,000 into 4,950,495 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 22, 2011, a convertible noteholder converted $19,000 in principal into 5,663,190 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 29, 2011, a convertible noteholder converted $20,000 in principal into 5,865,103 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 27, 2011, a convertible noteholder converted $20,000 in principal into 6,250,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 31, 2011, a convertible noteholder converted $26,353 in principal into 6,821,129 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 4, 2012, a convertible noteholder converted $22,202.74 in principal into 5,509,365 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 5, 2012, a convertible noteholder converted $75,000 in principal and $11,700 in accrued interest and feesinto 17,340,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 20, 2012, a convertible noteholder converted $100,000 in principal into 31,347,962 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 23, 2012, a convertible noteholder converted $75,000 in principal and $18,086 in accrued interest and fees into 20,236,156 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 25, 2012, a convertible noteholder converted $104,000 in principal into 25,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 25, 2012, a convertible noteholder converted $18,000 in principal into 3,747,658 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2012, a convertible noteholder converted $61,000 in principal into 22,181,818 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder

On February 15, 2012, a convertible noteholder converted $71,760 in principal into 16,000,000 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 25, 2012, a convertible noteholder converted $25,000 in principal and $701 in accrued interest into 9,398,496 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 1, 2012, a convertible noteholder converted $73,125 in principal into 15,000,000 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 3, 2012, a convertible noteholder converted $19,210 in principal into 4,546,746 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 12, 2012, a convertible noteholder converted $63,000 in principal into 15,000,000 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 19, 2012, a convertible noteholder converted $63,000 in principal into 15,000,000 shares of the Company’s common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 22, 2012, a convertible noteholder converted $141,000 in principal into 47,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder

Exercise of Warrants

On January 26, 2012, a warrant holder exercised a warrant valued at $53,580 into 6,000,000 shares of the Company's common stock at an exercise price of $0.00893/share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2012, a warrant holder exercised a warrant valued at $89,300 into 10,000,000 shares of the Company's common stock at an exercise price of $0.00893/share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2012, a warrant holder exercised a warrant valued at $5,358 into 600,000 shares of the Company's common stock at an exercise price of $0.00893/share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2012, a warrant holder exercised a warrant valued at $35,720 into 4,000,000 shares of the Company's common stock at an exercise price of $0.00893/share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2012, a warrant holder exercised a warrant valued at $3,572 into 400,000 shares of the Company's common stock at an exercise price of $0.00893/share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2012, a warrant holder exercised a warrant valued at $53,580 into 6,000,000 shares of the Company's common stock at an exercise price of $0.00893/share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2012, a warrant holder exercised a warrant valued at $26,790 into 3,000,000 shares of the Company's common stock at an exercise price of $0.00893/share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2012, a warrant holder exercised a warrant valued at $10,716 into 1,200,000 shares of the Company's common stock at an exercise price of $0.00893/share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2012, a warrant holder exercised a warrant valued at $7,144 into 800,000 shares of the Company's common stock at an exercise price of $0.00893/share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Convertible Debt Issuance

On August 12, 2010, the Company raised gross proceeds of $50,000 through the sale of a (9 months) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 14, 2010, the Company raised gross proceeds of $40,000 through the sale of a (9 months) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 1, 2010, the Company entered into a convertible promissory note of up to $1,650,000 with one accredited investor. The note bears a one-time interest rate of eight percent (8%) and has a maturity date of December 1, 2013. The note was issued with an original issue discount of approximately fifteen percent (15%). Prepayment under the note is not permitted, unless approved by the investor. Under the terms of the note, the investor is entitled, at its option, to convert all or part of the principal amount and accrued interest into shares of the Company's common stock, par value $0.001 per share, at a conversion price equal to seventy percent (70%) of the lowest closing price of the Company's common stock in the thirty (30) trading days immediately prior to the conversion, subject to adjustment in certain circumstances.

On December 21, 2010, the Company raised gross proceeds of $50,000 through the sale of a (9 months) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 5, 2011, the Company raised gross proceeds of $10,000 through the sale of a (30 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 14, 2011, the Company raised gross proceeds of $75,000 through the sale of a (6 month) convertible note at a conversion price equal to the lesser of (i) the average of the lowest two closing prices during the five days preceding a conversion date or (ii) $0.025/share. The notes bear interest at an annual rate of 12%. The Company also issued 1,250,000 common stock purchase warrants with an exercise price of $0.065 per share to the noteholders. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 20, 2011, the Company raised gross proceeds of $40,000 through the sale of a (40 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 21, 2011, the Company raised gross proceeds of $9,000 through the sale of a (10 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 23, 2011, the Company raised gross proceeds of $10,000 through the sale of a (14 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 24, 2011, the Company raised gross proceeds of $50,000 through the sale of a (14 Day) convertible note at a conversion price of the average 10 day trade pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 25, 2011, the Company raised gross proceeds of $50,000 through the sale of a (10 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 25, 2011, the Company raised gross proceeds of $75,000 through the sale of a (6 month) convertible note at a conversion price equal to the lesser of (i) the average of the lowest two closing prices during the five days preceding a conversion date or (ii) $0.025/share. The notes bear interest at an annual rate of 12%. The Company also issued 1,155,000 common stock purchase warrants with an exercise price of $0.065 per share to the noteholders. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 25, 2011, the Company raised gross proceeds of $75,000 through the sale of a (6 month) convertible note at a conversion price equal to the lesser of (i) the average of the lowest two closing prices during the five days preceding a conversion date or (ii) $0.025/share. The notes bear interest at an annual rate of 12%. The Company also issued 1,155,000 common stock purchase warrants with an exercise price of $0.065 per share to the noteholders. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2011, the Company raised gross proceeds of $8,000 through the sale of a (12 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 26, 2011, the Company raised gross proceeds of $10,000 through the sale of a (10 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 28, 2011, the Company raised gross proceeds of $25,000 through the sale of a (10 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 31, 2011, the Company raised gross proceeds of $25,000 through the sale of a (1 Month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 1, 2011, the Company raised gross proceeds of $5,000 through the sale of a (14 Day) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 2, 2011, the Company raised gross proceeds of $10,000 through the sale of a (14 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to

Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 2, 2011, the Company raised gross proceeds of $10,000 through the sale of a (15 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 4, 2011, the Company raised gross proceeds of $125,000 through the sale of a (10 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 4, 2011, the Company raised gross proceeds of $5,000 through the sale of a (14 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

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On February 10, 2011, the Company raised gross proceeds of $50,000 through the sale of a (15 Day) convertible note at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The note bears interest at annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 10, 2011, the Company raised gross proceeds of $40,000 through the sale of a (9 months) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The notes bear interest at annual rates of between 8% - 10%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 28, 2011, the Company raised gross proceeds of $75,000 through the sale of a (6 month) convertible note at a conversion price equal to the lesser of (i) the average of the lowest two closing prices during the five days preceding a conversion date or (ii) $0.025/share. The notes bear interest at an annual rate of 12%. The Company also issued 3,000,000 common stock purchase warrants with an exercise price of $0.065 per share to the noteholders. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 28, 2011, the Company raised gross proceeds of $75,000 through the sale of a (6 month) convertible note at a conversion price equal to the lesser of (i) the average of the lowest two closing prices during the five days preceding a conversion date or (ii) $0.025/share. The notes bear interest at an annual rate of 12%. The Company also issued 3,000,000 common stock purchase warrants with an exercise price of $0.065 per share to the noteholders. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 1, 2011, the Company raised gross proceeds of $25,000 through the sale of a (13 Day) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 4, 2011, the Company raised gross proceeds of $25,000 through the sale of a (20 Day) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 4, 2011, the Company raised gross proceeds of $25,000 through the sale of a (20 Day) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The

notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 8, 2011, the Company raised gross proceeds of $40,000 through the sale of a (9 months) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The notes bear interest at annual rates of between 8% - 10%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 8, 2011, the Company raised gross proceeds of $100,000 through the sale of a (1 year) convertible notes at a conversion price of $0.03 per share. The notes bear interest at an annual rate of 6%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 11, 2011, the Company raised gross proceeds of $25,000 through the sale of a (1 Month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

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On March 14, 2011, the Company raised gross proceeds of $50,000 through the sale of a (1 year) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The notes bear interest at annual rates of between 8% - 10%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 21, 2011, the Company raised gross proceeds of $25,000 through the sale of a (1 Month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 22, 2011, the Company raised gross proceeds of $25,000 through the sale of a (1 Month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 23, 2011, the Company raised gross proceeds of $25,000 through the sale of a (2 Month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 23, 2011, the Company raised gross proceeds of 25,000 through the sale of a (1 Month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 23, 2011, the Company raised gross proceeds of $25,000 through the sale of a (1 Month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 24, 2011, the Company raised gross proceeds of $75,000 through the sale of a (6 month) convertible note at a conversion price equal to the lesser of (i) the average of the lowest two closing prices during the five days preceding a conversion date or (ii) $0.025/share. The notes bear interest at an annual rate of 12%. The Company also issued 3,000,000 common stock purchase warrants with an exercise price of $0.065 per share to the noteholders. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 24, 2011, the Company raised gross proceeds of $75,000 through the sale of a (6 month) convertible note at a conversion price equal to the lesser of (i) the average of the lowest two closing prices during the five days preceding a conversion date or (ii) $0.025/share. The notes bear interest at an annual rate of 12%. The Company also issued 3,000,000 common stock purchase warrants with an exercise price of $0.065 per share to the noteholders. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 25, 2011, the Company raised gross proceeds of $10,000 through the sale of a (1 month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 29, 2011, the Company raised gross proceeds of $50,000 through the sale of a (3 year) convertible notes at a conversion price of 65% of the average of the lowest three closing prices in the 30 days preceding conversion. The notes bear interest at an annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 29, 2011, the Company raised gross proceeds of $15,000 through the sale of a (1 month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On April 27, 2011, the Company raised gross proceeds of $40,000 through the sale of a (6 month) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The notes bear interest at annual rates of between 8% - 10%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 6, 2011, the Company raised gross proceeds of $246,000 through the sale of a (6 month) convertible note at a conversion price equal to the lesser of (i) the average of the lowest two closing prices during the five days preceding a conversion date or (ii) $0.025/share. The notes bear interest at an annual rate of 12%. The Company also issued 10,000,000 common stock purchase warrants with an exercise price of $0.03 per share to certain accredited investors. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 31, 2011, the Company raised gross proceeds of $10,000 through the sale of a (1 Month) convertible notes at a conversion price of the average 10 day closing pricing divided by 200% of the outstanding principal balance. The notes bear interest at a rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 7, 2011, the Company entered into a convertible promissory note of up to $900,000 with one accredited investor. The above note bears a one-time interest rate of eight percent (8%) and has a maturity date of June 7, 2014. Prepayment under the note is not permitted, unless approved by the investor. Under the terms of the note, the investor is entitled, at its option, to convert all or part of the principal amount and accrued interest into shares of the Company’s common stock, par value $0.001 per share, at a conversion price equal to seventy percent (70%) of the lowest closing price of the common stock in the thirty (30) trading days immediately prior to the conversion, subject to adjustment in certain circumstances.

On June 14, 2011, the Company raised gross proceeds of $40,000 through the sale of a (9 month) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The notes bear interest at annual rates of between 8% - 10%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 24, 2011, the Company raised gross proceeds of $20,000 through the sale of a (12 month) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The note bears interest at annual rate of 10%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 29, 2011, the Company entered into a Note and Warrant Purchase Agreement with Inter-Mountain Capital Corp., a Delaware corporation (Inter-Mountain"), whereby the Company issued and sold, and Inter-Mountain purchased: (i) a Secured Convertible Promissory Note of the Company in the principal amount of $441,833 (the Company Note") and (ii) a warrant to purchase common stock of the Company.

The principal amount of the Company Note is $441,833 (the Maturity Amount") and the Company Note is due 48 months from June 29, 2011. The Company Note bears an interest rate of 6% per annum, compounded daily. The total amount funded (in cash and notes) at closing was $400,000, representing the Maturity Amount less an original issue discount of $31,833 and the payment of $10,000 to Inter-Mountain to cover its fees, with payment consisting of $400,000 advanced on July 1, 2011. The Company may borrow up to an additional $2,000,000 under the note, in a series of ten secured convertible notes with interest rates of 5% per annum, compounded daily.

Beginning three months after closing, Inter-Mountain has the right to convert, subject to restrictions described in the Company Note, all or a portion of the outstanding amount of the Company Note that is eligible for conversion into shares of the Company's common stock. The number of common shares delivered to the Investor upon conversion will be calculated by dividing the amount of the Company Note that is being converted by the market price of the common stock, which is defined as 80% of the lowest trade price during the 30 trading days immediately preceding the date of the conversion.

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Inter-Mountain also received a warrant to purchase such number of shares of common stock of the Company equal to $800,000 divided by 80% of the lowest trade price of the common stock during the 30 trading days immediately preceding the June 29, 2011, at any time within five years after the June 29, 2011. The warrant also contains a net exercise provision.

On August 28, 2011, the Company raised gross proceeds of $60,000 through the sale of a (18 month) convertible note at a conversion price of 60% of the average of the lowest three closing prices in the ten days preceding a conversion date. The note bears interest at an annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 31, 2011, the Company raised gross proceeds of $560,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 18,666,667 stock purchase warrants equal to the face amount of the notes, with an exercise price of $0.03 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 4, 2011, the Company raised gross proceeds of $50,000 through the sale of a (3 year) convertible note at a conversion price of 65% of the average of the lowest three closing prices in the ten days preceding a conversion date. The note bears interest at an annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 5, 2011, the Company raised gross proceeds of $135,000 through the sale of a (6 month) convertible note at a conversion price of 35% of the average of the lowest three closing prices in the ten days preceding a conversion date. The note bears interest at an annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 6, 2011, the Company raised gross proceeds of $47,000 through the sale of a (9 month) convertible note at a conversion price of 45% of the average of the lowest three closing prices in the ten days preceding a conversion date. The note bears interest at an annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 12, 2011, the Company raised gross proceeds of $200,000 through the sale of a (3 year) convertible note at a conversion price of 65% of the average of the lowest three closing prices in the ten days preceding a conversion date. The note bears interest at an annual rate of 8%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 28, 2011, the Company raised gross proceeds of $14,000 through the sale of a (12 month) convertible note at a conversion price equal to 300% of the face value of the note. The notes bear interest at a rate of 10%. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 1, 2011, the Company raised gross proceeds of $382,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 21,828,571 stock purchase warrants equal to the face amount of the notes, with an exercise price of $0.0175 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 1, 2011, the Company raised gross proceeds of $223,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 6,371,429 stock purchase warrants equal to 50% of the face amount of the notes, with an exercise price of $0.0175 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 14, 2011, the Company raised gross proceeds of $25,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 714,286 stock purchase warrants equal to 50% of the face amount of the notes, with an exercise price of $0.0175 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 3, 2012, the Company entered into a convertible promissory note of up to $100,000 with one accredited investor. The above note bears a one-time interest rate of ten percent (10%) and has a maturity date of January 3, 2013. Prepayment under the note is not permitted, unless approved by the investor. Under the terms of the note, the investor is entitled, at its option, to convert all or part of the principal amount and accrued interest into shares of the Company's common stock, par value $0.001 per share, at a conversion price equal to sixty two percent (62%) of the lowest closing price of the common stock in the seven (7) trading days immediately prior to the conversion, subject to adjustment in certain circumstances.

On January 13, 2012, the Company entered into a convertible promissory note of up to $400,000 with one accredited investor. The above note bears a one-time interest rate of eight percent (8%) and has a maturity date of January 13, 2013. Prepayment under the note is not permitted, unless approved by the investor. Under the terms of the note, the investor is entitled, at its option, to convert all or part of the principal amount and accrued interest into shares of the Company's common stock, par value $0.001 per share, at a conversion price equal to thirty five percent (35%) of the average of the three lowest closing prices of the common stock in the ten (10) trading days immediately prior to the conversion, subject to adjustment in certain circumstances.

On January 13, 2012, the Company raised gross proceeds of $250,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 16,666,667 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.015 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 12, 2012, the Company raised gross proceeds of $525,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 35,000,000 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.015 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 28, 2012, the Company raised gross proceeds of $62,500 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 4,166,667 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.015 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 14, 2012, the Company raised gross proceeds of $500,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 41,666,667 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.012 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 21, 2012, the Company raised gross proceeds of $100,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 8,333,333 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.012 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 23, 2012, the Company raised gross proceeds of $379,500 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 31,625,000 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.012 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 27, 2012, the Company raised gross proceeds of $30,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 2,500,000 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.012 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 28, 2012, the Company raised gross proceeds of $175,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 14,583,333 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.012 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 29, 2012, the Company raised gross proceeds of $300,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 25,000,000 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.012 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 30, 2012, the Company raised gross proceeds of $25,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 2,083,333 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.012 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On April 16, 2012, the Company raised gross proceeds of $1,231,000 through the sale of (18 month) promissory notes bearing interest at an annual rate of 15%. In consideration of the promissory notes, the Company issued 100,583,333 stock purchase warrants equal to 100% of the face amount of the notes, with an exercise price of $0.012 per share. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Issuance of Shares to Extend Debt Agreements

On May 5, 2010, the Company issued a noteholder 15,000 shares of the Company’s common stock in consideration for an extension of the noteholder’s note. The issuance was recorded as interest at a fair value of $17,250 ($1.15/share) based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 5, 2010, the Company issued a noteholder 15,000 shares of the Company's common stock in consideration for an extension of the noteholder's note. The issuance was recorded as interest at a fair value of $17,250 ($1.15/share) based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 21, 2010, the Company issued a noteholder 75,000 shares of the Company's common stock in consideration for an extension of the noteholder's note. The issuance was recorded as interest at a fair value of $45,750 ($0.61/share) based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 21, 2010, the Company issued a noteholder 12,500 shares of the Company's common stock in consideration for an extension of the noteholder's note. The issuance was recorded as interest at a fair value of $7,625 ($0.61/share) based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 21, 2010, the Company issued a noteholder 12,500 shares of the Company's common stock in consideration for an extension of the noteholder's note. The issuance was recorded as interest at a fair value of $7,625 ($0.61/share) based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 7, 2011, the Company issued a noteholder 402,667 shares of the Company's common stock in consideration for an extension of the noteholder's note. The issuance was recorded as interest at a fair value of $14,778 ($0.037/share) based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Issuance of Shares to Settle Notes Payable

On September 29, 2010, the Company issued 1,824,856 shares of its common stock to a noteholder in settlement of principal debt and accrued interest in the aggregate amount of $1,003,671. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, the Company issued 65,715 shares of its common stock to a noteholder in settlement of principal debt and accrued interest in the aggregate amount of $36,143. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, the Company issued 75,000 shares of its common stock to a noteholder in settlement of principal debt and accrued interest in the aggregate amount of $41,250. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, the Company issued 7,161,548 shares of its common stock to a noteholder in settlement of principal debt and accrued interest in the aggregate amount of $358,077. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, the Company issued 2,200,000 shares of its common stock to a noteholder in settlement of principal debt and accrued interest in the aggregate amount of $110,000. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Issuance of Shares to Settle Contract

On December 23, 2010, the Company issued 511,509 shares of its common stock in settlement of an outstanding contract with a vendor. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Issuance of Warrants to Settle Contract

On September 15, 2011, Company issued 10,000,000 stock purchase warrants with an exercise price of $0.008 per share as settlement of an outstanding contract provision with management. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Issuance of Shares to Settle Aged Debt

On December 27, 2010, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on December 27, 2010, the Company directed its transfer agent to issue and deliver to the third party 8,928,571 shares of the Company's common stock, subject to adjustment, in satisfaction of a debt in the amount of $400,000.

On January 26, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on January 26, 2011, the Company directed its transfer agent to issue and deliver to the third party 3,312,435 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $82,811.

On January 27, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on January 27, 2011, the Company directed its transfer agent to issue and deliver to the third party 1,176,471 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $100,000.

On February 1, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on February 1, 2011, the Company directed its transfer agent to issue and deliver to the third party 833,333 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $50,000.

On February 3, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on February 3, 2011, the Company directed its transfer agent to issue and deliver to the third party 11,500,000 shares of common stock of the Company common stock subject to adjustment, in satisfaction of a debt in the amount of $444,250.

On February 7, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on February 7, 2011, the Company directed its transfer agent to issue and deliver to the third party 1,250,000 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $50,000.

On February 11, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on February 11, 2011, the Company directed its transfer agent to issue and deliver to the third party 2,000,000 shares of common stock of the Company common stock subject to adjustment, in satisfaction of a debt in the amount of $50,000.

On February 18, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on February 18, 2011, the Company directed its transfer agent to issue and deliver to the third party 1,667,000 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $50,000.

On February 28, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on February 28, 2011, the Company directed its transfer agent to issue and deliver to the third party 2,187,666 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $65,930.

On March 29, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on March 29, 2011, the Company directed its transfer agent to issue and deliver to the third party 1,094,904 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $27,373.

On March 29, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on March 29, 2011, the Company directed its transfer agent to issue and deliver to the third party 1,905,096 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $47,627.

On March 29, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on March 29, 2011, the Company directed its transfer agent to issue and deliver to the third party 3,000,000 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $75,000.

On April 6, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on April 6, 2011, the Company directed its transfer agent to issue and deliver to the third party 2,000,000 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $50,000.

On April 15, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on April 15, 2011, the Company directed its transfer agent to issue and deliver to the third party 2,000,000 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $58,644.

On May 12, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on May 12, 2011, the Company directed its transfer agent to issue and deliver to the third party 3,023,040 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $75,576.

On May 20, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on May 20, 2011, the Company directed its transfer agent to issue and deliver to the third party 3,774,744 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $83,044.

On May 19, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on May 19, 2011, the Company directed its transfer agent to issue and deliver to the third party 4,031,853 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $100,796.

On June 2, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on June 2, 2011, the Company directed its transfer agent to issue and deliver to the third party 4,932,500 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $98,650.

On June 3, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on June 3, 2011, the Company directed its transfer agent to issue and deliver to the third party 2,777,777 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $50,000.

On June 27, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on June 27, 2011, the Company directed its transfer agent to issue and deliver to the third party 3,636,363 shares of the Company's common stock subject to adjustment, in satisfaction of a debt in the amount of $40,000.

On August 4, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on August 4, 2011, the Company directed its transfer agent to issue and deliver to the third party 1,794,871 shares of the Company's common stock in satisfaction of a debt in the amount of $100,000.

Issuance of Shares as Performance Bonus

On October 18, 2010, the Company issued an officer and director 5,000,000 shares of the Company's common stock as a performance bonus at a fair value of $2,650,000 ($0.53/share), based upon the quoted closing price of the Company's common stock on October 18, 2010. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 18, 2010, the Company issued an officer and director 5,000,000 shares of the Company's common stock as a performance bonus at a fair value of $2,650,000 ($0.53/share), based upon the quoted closing price of the Company's common stock on October 18, 2010. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 27, 2012, the Company issued officers and a director 444,548,916 shares of the Company's common stock as a performance bonus at a fair value of $4,667,764 ($0.0105/share), based upon the quoted closing price of the Company's common stock on December 31, 2011. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Issuance of Shares to Debt Holders

On September 21, 2010, the Company issued one investor 33,333 shares of the Company's common stock as further consideration for the investor to enter into a debt agreement with the Company. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 21, 2010, the Company issued one investor 16,667 shares of the Company's common stock as further consideration for the investor to enter into a debt agreement with the Company. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 15, 2012, the Company issued one investor 20,000,000 shares of the Company's common stock as further consideration related to the prepayment of a debt agreement with the Company. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 28, 2012, the Company issued one investor 10,000,000 shares of the Company's common stock as further consideration related to the prepayment of a debt agreement with the Company. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 30, 2012, the Company issued one investor 25,000,000 shares of the Company's common stock as further consideration related to the prepayment of a debt agreement with the Company. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Issuance of Shares for Services

On April 1, 2010, the Company issued 150,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $174,000 ($1.16/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 5, 2010, the Company issued 170,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $175,100 ($1.15/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 5, 2010, the Company issued 20,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $20,600 ($1.15/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 5, 2010, the Company issued 10,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $10,300 ($1.15/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 5, 2010, the Company issued 70,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $72,100 ($1.15/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 5, 2010, the Company issued 80,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $82,400 ($1.15/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 8, 2010, the Company issued 36,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $37,440 ($1.15/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 28, 2010, the Company issued 300,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $309,000 ($1.00/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 120,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $139,200 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 50,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $52,000 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 89,250 shares of the Company's common stock to a consultant for services rendered at a fair value of $92,820 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 5,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $5,200 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 5,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $5,200 ($1.03/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 250,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $260,000 ($1.03/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 25,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $26,000 ($1.03/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 30,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $31,200 ($1.03/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 23, 2010, the Company issued 75,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $87,038 ($1.16/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 54,750 shares of the Company's common stock to a consultant for services rendered at a fair value of $56,940 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 30,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $31,200 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 1, 2010, the Company issued 120,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $138,000 ($1.15/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 10,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $10,400 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 10,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $10,400 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 10,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $10,400 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 50,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $31,200 ($1.03/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 30,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $31,200 ($1.03/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 30,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $31,200 ($1.03/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 12,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $12,480 ($1.03/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 30, 2010, the Company issued 110,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $114,400 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 1, 2010, the Company issued 250,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $257,500 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 14, 2010, the Company issued 10,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $10,300 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 14, 2010, the Company issued 50,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $51,500 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 14, 2010, the Company issued 25,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $25,750 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 14, 2010, the Company issued 25,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $25,750 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 15, 2010, the Company issued 125,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $128,750 ($1.03/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 15, 2010, the Company issued 375,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $386,250 ($1.03/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 22, 2010, the Company issued 25,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $25,000 ($1.00/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 22, 2010, the Company issued 12,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $10,000 ($0.833/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 29, 2010, the Company issued 5,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $3,700 ($0.740/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 10, 2010, the Company issued 115,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $56,350 ($0.590/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 20, 2010, the Company issued 2,500 shares of the Company's common stock to a consultant for services rendered at a fair value of $1,275 ($0.510/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 20, 2010, the Company issued 100,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $51,000 ($0.510/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 25, 2010, the Company issued 24,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $11,760 ($0.490/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 25, 2010, the Company issued 85,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $41,650 ($0.490/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, the Company issued 50,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $20,900 ($0.418/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 29, 2010, the Company issued 35,715 shares of the Company's common stock to a consultant for services rendered at a fair value of $12,500 ($0.350/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 5, 2010, the Company issued 19,200 shares of the Company’s common stock to a consultant for services rendered at a fair value of $9,408 ($0.490/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 11, 2010, the Company issued 250,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $150,000 ($0.600/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 11, 2010, the Company issued 250,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $150,000 ($0.600/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 14, 2010, the Company issued 19,125 shares of the Company’s common stock to a consultant for services rendered at a fair value of $10,519 ($0.550/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 14, 2010, the Company issued 12,500 shares of the Company's common stock to a consultant for services rendered at a fair value of $6,875 ($0.550/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 14, 2010, the Company issued 3,375 shares of the Company's common stock to a consultant for services rendered at a fair value of $1,856 ($0.550/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 22, 2010, the Company issued 285,714 shares of the Company's common stock to a consultant for services rendered at a fair value of $240,000 ($0.840/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 22, 2010, the Company issued 140,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $117,600 ($0.840/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 26, 2010, the Company issued 50,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $30,000 ($0.600/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 26, 2010, the Company issued 7,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $3,710 ($0.600/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 26, 2010, the Company issued 130,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $117,000 ($0.600/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On October 28, 2010, the Company issued 100,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $177,000 ($0.77/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 2, 2010, the Company issued 35,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $18,200 ($0.520/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 18, 2010, the Company issued 3,500,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $840,000 ($0.240/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 3, 2010, the Company issued 20,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $11,000 ($0.550/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 10, 2010, the Company issued 2,200,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $220,000 ($0.100/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 13, 2010, the Company issued 1,000,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $60,000 ($0.060/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 14, 2010, the Company issued 4,000,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $200,000 ($0.050/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 14, 2010, the Company issued 1,000,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $50,000 ($0.050/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On November 17, 2010, the Company issued 4,000,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $960,000 ($0.240/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 15, 2010, the Company issued 1,000,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $80,000 ($0.080/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 15, 2010, the Company issued 1,500,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $120,000 ($0.080/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 15, 2010, the Company issued 250,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $20,000 ($0.080/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 16, 2010, the Company issued 5,000,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $350,000 ($0.070/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 22, 2010, the Company issued 5,000,000 shares of the Company’s common stock to a consultant for services rendered at a fair value of $300,000 ($0.060/share), based upon the quoted closing price of the Company’s common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 7, 2011, the Company issued 25,000 shares of the Company’s common stock to a consultant for services to be rendered at a fair value of $1,723 ($0.069/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 7, 2011, the Company issued 150,000 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $10,335 ($0.069/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On January 7, 2011, the Company issued 25,000 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $1,723 ($0.069/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 17, 2011, the Company issued 150,000 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $9,000 ($0.060/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On February 28, 2011, the Company issued 258,621 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $15,000 ($0.058/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 31, 2011, the Company issued 25,000 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $1,650 ($0.066/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 31, 2011, the Company issued 471,698 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $25,0000 ($0.053/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 31, 2011, the Company issued 227,273 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $15,000 ($0.066/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On April 15, 2011, the Company issued 100,000 shares of the Company’s common stock to a consultant for services to be rendered at a fair value of $8,100 ($0.081/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On April 30, 2011, the Company issued 319,149 shares of the Company’s common stock to a consultant for services to be rendered at a fair value of $15,000 ($0.047/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 1, 2011, the Company issued 3,723,404 shares of the Company’s common stock to a consultant for services to be rendered at a fair value of $175,000 ($0.047/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 31, 2011, the Company issued 333,333 shares of the Company’s common stock to a consultant for services to be rendered at a fair value of $15,000 ($0.045/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

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On June 30, 2011, the Company issued 500,000 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $15,000 ($0.030/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 12, 2011, the Company issued 100,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $3,050 ($0.0305/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 22, 2011, the Company issued 375,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $11,250 ($0.03/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 22, 2011 the Company issued 75,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $2,250 ($0.03/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 30, 2011, the Company issued 100,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $2,500 ($.02/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 30, 2011, the Company issued 3,934,426 shares of the Company's common stock to a consultant for services rendered at a fair value of 90,000 ($0.029share, based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 6, 2011, the Company issued 2,586,207 shares of the Company's common stock to a consultant for services rendered at a fair value of $75,000 ($0.029/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 30, 2011, the Company issued 100,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $8,100 ($0.081/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On December 7, 2011 the Company issued 9,714,285 shares of the Company's common stock in connection with a marketing agreement, shares were rendered at a fair value of $170,000 ($0.0175/share), based upon an average quoted closing price of the twenty preceding trading days. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 1, 2012, the Company issued 3,773,585 shares of the Company's common stock to a consultant for services rendered at a fair value of $50,000 ($0.0132/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 9, 2012, the Company issued 4,347,826 shares of the Company's common stock to a consultant for services rendered at a fair value of $50,000 ($0.0115/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On June 1, 2012, the Company issued 2,500,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $50,000 ($0.02/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 10, 2012, the Company issued 10,000,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $120,000 ($0.012/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Issuances for Prepaid Services

On February 11, 2011, the Company issued 1,000,000 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $78,000 ($0.078/share), based upon the quoted closing price of the Company's common stock on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On March 9, 2011, the Company issued consultants 2,500,000 shares of the Company's common stock for services to be rendered at a fair value of $150,000 ($0.066/share) based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On May 1, 2011, the Company issued 500,000 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $23,500 ($0.047/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On April 1, 2012, the Company issued 2,000,000 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $50,000 ($0.025/share), based upon the quoted closing price trading price on the date of issuance. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Issuance of Shares for Cash

In May 2010, the Company entered into subscription agreements with accredited investors in connection with two private issuances and sales of 1,000,000 shares of the Company's common stock at $0.50 per share (the 1,000,000 share private placement") and 300,000 shares of the Company's common stock at $0.35 per share (the 300,000 share private placement"). As of June 30, 2010, the Company sold 90,000 shares under the 1,000,000 share private placement and 227,423 shares under the 300,000 share private placement for aggregate net proceeds of $117,848. On June 30, 2010, the Company's Board of Directors increased the number of shares under the 300,000 share private placement to 1,000,000 shares. These shares were sold without registration under the Securities Act or state securities laws, in reliance on the exemptions provided by Section 4(2) of the Act and Regulation D promulgated thereunder.

On May 4, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 25,000 shares of the Company’s common stock, for an aggregate purchase price of $12,500, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 4, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company’s common stock, for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 4, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 15,000 shares of the Company’s common stock, for an aggregate purchase price of $7,500, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 4, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 100,000 shares of the Company's common stock, for an aggregate purchase price of $50,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 12, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 15,000 shares of the Company's restricted common stock, par value $0.001 per share, in exchange for an aggregate purchase price of $7,500, or $0.50 per share. The shares of common stock issued in connection with the Agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 12, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, for an aggregate purchase price of $55,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 12, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 100,000 shares of the Company's common stock, for an aggregate purchase price of $50,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 12, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 100,000 shares of the Company's common stock, for an aggregate purchase price of $50,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 19, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 19, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 20,000 shares of the Company's common stock, in exchange for an aggregate purchase price of $10,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 19, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 5,000 shares of the Company's common stock, for an aggregate purchase price of $2,500, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 19, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 5,000 shares of the Company's common stock, for an aggregate purchase price of $2,500, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

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On May 19, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 19, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 5,000 shares of the Company's common stock, for an aggregate purchase price of $2,500, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 19, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On May 19, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 17, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, share, for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 17, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 20,000 shares of the Company's common stock, for an aggregate purchase price of $10,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 17, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 20,000 shares of the Company's common stock, for an aggregate purchase price of $10,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 17, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 17, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, share, for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 17, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 28,569 shares of the Company's common stock, for an aggregate purchase price of $9,999, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 23, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, par value $0.001 per share, in exchange for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 23, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, par value $0.001 per share, in exchange for an aggregate purchase price of $5,000, or $0.50 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 23, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 105,000 shares of the Company's common stock, for an aggregate purchase price of $30,000, or $0.286 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On June 23, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 28,569 shares of the Company's common stock, for an aggregate purchase price of $9,999, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 13, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 15,000 shares of the Company's common stock, for an aggregate purchase price of $5,250, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 13, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 16,000 shares of the Company's common stock, for an aggregate purchase price of $5,600, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 13, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 20,000 shares of the Company's common stock, for an aggregate purchase price of $7,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 14, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 14,285 shares of the Company's common stock, for an aggregate purchase price of $5,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 14, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 50,000 shares of the Company's common stock, for an aggregate purchase price of $13,250, or $0.265 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 16, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 55,000 shares of the Company's common stock, for an aggregate purchase price of $19,250, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 29, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 40,000 shares of the Company's common stock, for an aggregate purchase price of $14,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 29, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 85,715 shares of the Company's common stock, for an aggregate purchase price of $30,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 29, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 28,572 shares of the Company's common stock, for an aggregate purchase price of $9,999, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On August 20, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 2,625 shares of the Company's common stock, for an aggregate purchase price of $7,500, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On August 20, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 2,625 shares of the Company's common stock, for an aggregate purchase price of $7,500, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On August 20, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 85,715 shares of the Company's common stock, for an aggregate purchase price of $30,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On August 20, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 200,000 shares of the Company's common stock, for an aggregate purchase price of $70,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On August 25, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 14,286 shares of the Company's common stock, for an aggregate purchase price of $5,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On August 25, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 14,286 shares of the Company's common stock, for an aggregate purchase price of $5,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On August 25, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 45,000 shares of the Company's common stock, for an aggregate purchase price of $15,750, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On August 25, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 7,500 shares of the Company's common stock, for an aggregate purchase price of $2,625, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On August 25, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 7,500 shares of the Company's common stock, for an aggregate purchase price of $2,625, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On September 29, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 142,857 shares of the Company's common stock, for an aggregate purchase price of $50,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On September 29, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 571,429 shares of the Company's common stock, for an aggregate purchase price of $200,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On September 29, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 144,125 shares of the Company's common stock, for an aggregate purchase price of $50,444, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On September 29, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 30,000 shares of the Company's common stock, for an aggregate purchase price of $10,500, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On September 29, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 174,285 shares of the Company's common stock, for an aggregate purchase price of $61,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On September 29, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 285,714 shares of the Company's common stock, for an aggregate purchase price of $100,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On October 26, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 15,000 shares of the Company's common stock, for an aggregate purchase price of $5,250, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On October 26, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 28,572 shares of the Company's common stock, for an aggregate purchase price of $10,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On October 26, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 42,858 shares of the Company's common stock, for an aggregate purchase price of $15,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On October 26, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 100,000 shares of the Company's common stock, for an aggregate purchase price of $35,000, or $0.35 per share. The shares of common stock issued in connection with the Agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On October 26, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 71,429 shares of the Company's common stock, for an aggregate purchase price of $25,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On October 26, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 400,000 shares of the Company's common stock, for an aggregate purchase price of $140,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On October 26, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 300,000 shares of the Company's common stock, for an aggregate purchase price of $105,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On November 2, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 14,286 shares of the Company's common stock, for an aggregate purchase price of $5,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On November 2, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 15,000 shares of the Company's common stock, for an aggregate purchase price of $5,250, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On November 2, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 21,500 shares of the Company's common stock, for an aggregate purchase price of $7,525, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On November 2, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 15,000 shares of the Company's common stock, for an aggregate purchase price of $5,250, or $0.35 per share. The shares of common stock issued in connection with the Agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On November 2, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 50,000 shares of the Company's common stock, for an aggregate purchase price of $17,500, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On November 2, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 85,715 shares of the Company's common stock, for an aggregate purchase price of $29,985, or $0.35 per share. The shares of common stock issued in connection with the Agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On November 2, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 114,000 shares of the Company's restricted common stock, par value $0.001 per share, in exchange for an aggregate purchase price of $39,900, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On November 2, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 100,000 shares of the Company's common stock, for an aggregate purchase price of $35,000, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On December 3, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 20,000 shares of the Company's common stock, for an aggregate purchase price of $6,990, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On December 15, 2010, the Company entered into a stock purchase agreement with an investor. Pursuant to the stock purchase agreement, the Company issued 10,000 shares of the Company's common stock, for an aggregate purchase price of $3,485, or $0.35 per share. The shares of common stock issued in connection with the stock purchase agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On July 7, 2011, the Company entered into a stock purchase agreement (the Carriage Agreement") with Carriage Group, LLC (Carriage"). Pursuant to the Carriage Agreement, the Company issued 20,000,000 shares of the Company's common stock, to Carriage in exchange for an aggregate purchase price of $500,000.00, or $0.025 per share. The shares of common stock issued in connection with the Carriage Agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder. On November 29, 2011, the Company repriced the shares purchased on July 7, 2011 at $0.0125 per share, and the Company issued an additional 20,000,000 shares of its common stock. The shares of common stock issued in connection with the Carriage Agreement were issued pursuant to exemptions from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder.

On November 4, 2011, the Company entered into a Series C Preferred Stock Purchase Agreement, pursuant to which the Company issued to Southridge 190 shares of the Company's Series C Preferred Stock in exchange for (i) the forgiveness of $90,000 owed to Southridge for services rendered and (ii) $100,000 cash. Southridge can elect to convert the Series C Preferred Stock into shares of the Company's common stock at any time after the issue date. Each share of Series C Preferred Stock is convertible into that number of shares of common stock as determined by dividing the stated value of such share of Series C Preferred Stock by the conversion price. The conversion price shall equal the higher of (i) $0.01 and (ii) such price that is a 50% discount to the average of the low two closing bid prices for the Company's common stock for the five trading days immediately prior to such day that Southridge delivers a notice of conversion to the Company, subject to adjustment.

On November 29, 2011, the Company issued 42,000,000 shares of the Company's common stock for cash proceeds of $375,000. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 16, 2012, the Company issued 100,000,000 shares of the Company's common stock for cash proceeds of $1,000,000. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Description
2.1	Share Exchange Agreement, dated February 1, 2010, by and between Tone in Twenty, Inc. and Muscle Pharm LLC (as filed as Exhibit 2.1 to Company's Current Report on Form 8-K on February 2, 2010).
3.1	Tone In Twenty Articles of Incorporation, dated August 4, 2006 (as filed as Exhibit 3.1 to Company's Form SB-2 Registration Statement, filed November 2, 2007).
3.2	Bylaws of MusclePharm Corporation, dated August 5, 2006 (as filed as Exhibit 3.2 to Company's Form SB-2 Registration Statement, filed November 2, 2007).
3.3	Amended Articles of Incorporation, dated February 23, 2007 (as filed as Exhibit 3.3 to Company's Form SB-2 Registration Statement, filed November 2, 2007).
3.4	Series A Certificate of Designation (as filed as Exhibit 3.4 to the Company's Current Report on Form 8-K, filed on February 24, 2010).
3.5	Amended Articles of Incorporation (as filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed on May 23, 2011).
3.6	Series B Certificate of Designation (as filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed on August 16, 2011).
3.7	Series C Certificate of Designation (as filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on November 4, 2011)
3.8	Amended Articles of Incorporation (as filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on November 23, 2011).
4.1	$900,000 Convertible Promissory Note (as filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated July 8, 2011).
4.2	$100,000 Convertible Promissory Note, dated November 18, 2010(as filed as Exhibit 4.2 to the Company's Registration Statement on Form S-1/A, filed on December 29, 2011).
4.3	$256,250 Convertible Promissory Note, dated November 23, 2010 (as filed as Exhibit 4.3 to the Company's Registration Statement on Form S-1/A, filed on December 29, 2011).
5.1	Opinion of Lucosky Brookman LLP *
10.1	Joint Development, Manufacturing, Distribution and Marketing Agreement, dated July 26, 2010, by and between MusclePharm Corporation and TapouT, LLC (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on September 22, 2010).

10.2	Sponsorship Agreement, dated January 18, 2011, by and between MusclePharm Corporation, and The Cincinnati Reds LLC (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on January 24, 2011).
10.3	Registration Rights Agreement, dated June 2, 2011, by and between MusclePharm Corporation and JMJ Financial (as filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on July 8, 2011).

10.4	Amended and Restated Employment Agreement, dated November 14, 2011, by and between MusclePharm Corporation and Brad Pyatt (as filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q, filed on August 16, 2011).
10.5	Amended and Restated Employment Agreement, dated November 14, 2011, by and between MusclePharm Corporation and Cory Gregory (as filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q, filed on August 16, 2011).
10.6	Employment Agreement, dated September 15, 2011, by and between MusclePharm Corporation and John H. Bluher (as filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on November 14, 2011).
10.7	Employment Agreement, dated November 14, 2011, by and between MusclePharm Corporation and Jeremy DeLuca (as filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q, filed on November 14, 2011).
10.8	Equity Purchase Agreement, dated November 4, 2011, by and between MusclePharm Corporation and Southridge Partners II, LP (as filed as Exhibit 10.8 to the Company's Registration Statement on Form S-1/A, filed on December 29, 2011).
10.9	Registration Rights Agreement, dated November 4, 2011, by and between MusclePharm Corporation and Southridge Partners II, LP (as filed as Exhibit 10.9 to the Company's Registration Statement on Form S-1/A, filed on December 29, 2011).
10.10	Amendment No. 1 to Stock Purchase Agreement, dated December 8, 2011, by and between MusclePharm Corporation and Carriage Group, LLC (as filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on December 9, 2011.
10.11	Stock Purchase Agreement, dated December 2, 2011, by and between MusclePharm Corporation and TSX Holdings, LLC (as filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on December 8, 2011).
23.1	Consent of Berman & Company, P.A. *
23.2	Consent of Lucosky Brookman LLP (included in Exhibit 5.1 filed herewith)

* Filed herewith

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UNDERTAKINGS

(A) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) Include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(B) The issuer is subject to Rule 430C (ss. 230. 430C of this chapter): Each prospectus filed pursuant to Rule 424(b)(ss. 230. 424(b) of this chapter) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (ss. 230. 430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Denver, State of Colorado, on August 6, 2012.

MUSCLEPHARM CORPORATION

By:/s/ Brad J. Pyatt
Name: Brad J. Pyatt
Title: Chief Executive Officer

(Principal Executive Officer)

By:/s/ Lewis Gary Davis
Name: Lewis Gary Davis
Title: Chief Financial Officer

(Principal Financial Officer)

(Principal Accounting Officer)

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY OR ON BEHALF OF THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED:

Signature	Title	Date
/s/ Brad J. Pyatt Brad J. Pyatt	Chief Executive Officer, Principal Executive Officer and Co-Chairman	August 6, 2012
/s/ Cory Gregory Cory Gregory	Senior President	August 6, 2012
/s/ Lewis Gary Davis Lewis Gary Davis	Chief Financial Officer, Principal Financial Officer and Principal Accounting Officer	August 6, 2012
/s/ Jeremy DeLuca Jeremy DeLuca	President and Chief Marketing Officer	August 6, 2012
/s/ John H. Bluher	Chief Operating Officer, Co-Chairman	August 6, 2012

John H. Bluher

/s/ David W. Prosser David W. Prosser	Director	August 6, 2012
/s/ Gordon Burr Gordon Burr	Director	August 6, 2012
/s/ Mark Groussman Mark Groussman	Director	August 6, 2012
/s/ Lawrence S. Meer Lawrence S. Meer	Treasurer	August 6, 2012

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