

OptimizeRx Corp
Form 10-K
March 31, 2011

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

FORM 10-K

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

For the fiscal year ended: December 31, 2010

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

For the transition period from _____ to _____

Commission file number: 000-53605

OptimizeRx Cororation
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

26-1265381
(I.R.S. Employer Identification
No.)

407 6th Street
Rochester, MI,
(Address of principal executive
offices)

48307
(Zip Code)

Registrant's telephone
number: 248-651-6568

Securities registered under
Section 12(b) of the Exchange
Act:

| Title of each class | Name of each exchange on which registered |
|---------------------|--|
| none | not applicable |

Securities registered under Section 12(g) of the Exchange
Act:

Title of each class
Common Stock, par value of \$0.001

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceeding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 232.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$5,401,247

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 13,606,676 as of December 31, 2010.

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PART I

Item 1. Business

Company Overview

OptimizeRx Corporation is no longer a development stage company as of the current report. Throughout the 2010 fiscal year, our operation focus has been on the further development and initial launch of the SampleMD solution – targeting Pharmaceutical Manufacturers brand vouchers and copay coupons right at the point of prescribing, while on the business front we sought additional rounds of funding and positioning of strategic partnerships. We conduct all of our operations, development, sales and marketing through our wholly owned subsidiary, OptimizeRx Michigan.

Although in our initial business model for OptimizeRx we recognized that patients have increasing influence in their healthcare decisions, particularly in their medications: what to buy, where to buy, and how to buy, we also came to realize that there was a great potential to influence these choices physicians make on behalf of the patient right at the point of care. Did physicians have information to assist in understanding formulary status and affordability for patients, additional savings to encourage patient persistency, special medical bulletins, etc., during the prescribing process? By creating a core technology engine – SampleMD channels this critical information right to the physician, within their work flow, and at the point of care.

We now have developed two of the most important informational channels for pharmaceutical manufacturers and their brands within the health care industry: “Direct to Patient” through our OptimizeRx website; and “Direct to Physician” via SampleMD.

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Recent Developments

During the current reporting period, we have continued to invest in SampleMD, which offers a virtual “patient support center” that allows physicians and staff to easily search, select and distribute sample prescription drug vouchers, co-pay coupons and other support information to patients and pharmacies -- right from their desktop or electronic medical records (EMR) system. For example, if a physician or staff member searches for a particular drug, all available coupons or vouchers for that particular drug will appear on the clinician’s desktop. The clinician can then choose to electronically send or print out the coupon or voucher for the patient from the SampleMD desktop widget, or they will be sent directly to the pharmacy from within a physician’s ePrescribing application when the prescription is finalized by the doctor at the point of care.

Throughout 2010, we made many strides in establishing our company and our SampleMD solution within the marketplace.

On July 16, 2010, we entered into a Master Services Agreement with Walgreens Health Initiatives in order to promote Walgreens product savings and special offers within the SampleMD platform. In turn for our promotional services, our primary compensation will be based on the number of Walgreens offer transactions that are generated by physicians using the SampleMD platform to help their patients better afford the medicines and healthcare products they need.

In addition, Advocate Health Partners, a joint venture between the Advocate Health Care system and 3,600 physicians on the medical staffs of Advocate hospitals, not only signed an agreement to utilize SampleMD, but it beta launched the application on November 15, 2010 throughout its clinics. Additional health systems that launched late in 2010 include NuHealth System, a Long Island healthcare organization and Carillion Health, a Virginia health care provider.

On the strategic relationship front, we have entered into a partnership with Physicians Interactive Holding, LLC (“PI”), a leading digital sales and marketing partner of life sciences companies, to provide healthcare professionals with SampleMD. The partnership will allow each company to distribute each other’s products and services via web, desktop and mobile applications as well as to develop a joint solution that will combine each of the industry leading technologies for a “one-stop-shop” for clinicians to access numerous pharmaceutical samples, vouchers, co-pay programs and other patient support.

We hope this partnership will increase the speed, ease and convenience with which clinicians can access pharma and life science products to better care for their patients. Doctors will be able to review a selected drug’s formulary status within the patients’ insurance plan to determine at what level the product is paid/reimbursed, as well as the latest product information, and can directly contact the representative for more information through SampleMD. In addition to the partnership, PI has made a financial investment in our company, which is described in more detail below under the section titled “Liquidity and Capital Resources,” to help finance our operations going forward.

We also entered into a relationship with Allscripts, a leading ePrescribing and Electronic Medical Records technology company serving some 100,000 plus doctors and prescribing physicians. This integration of the SampleMD technology right within the ePrescribing application streamlines the process with which doctors find available vouchers and coupons for patients. Once a drug is prescribed by the doctor, if a program exists then it is automatically searched and presented to the doctor right at the point of prescribed care. The initial beta of this application was launched on December 13, 2010 within the Allscripts environment.

We believe the launch of this new technology will expand accessibility options to healthcare providers and extends the channel reach of pharmaceutical companies eager to build loyalty, trust and credibility among physicians and office staff, as well as to overcome increasingly typical bans and restrictions on drug reps and sampling.

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Principal Products and Applications

- SampleMD - Today, almost 2/3 of doctors' offices ban or limit drug representatives and the samples they offer. Although samples are still valuable, many healthcare systems and doctors are looking for an easier, more effective way to increase affordable access and adherence to their prescribed branded medications which led us during the past year to develop our direct to physician solution called SampleMD.

SampleMD is a revolutionary downloadable virtual "Patient Support Center" that allows doctors and staff to access a universe of sample vouchers, co-pay coupons and the fulfillment and adjudication of claims directly from their desktops. Doctors and healthcare providers utilize the SampleMD application from their computer desktops or integrate it into their EMR and/or e-Prescribe systems to search, print or electronically dispense drug samples and co-pay coupons through a national network of pharmacies. SampleMD eliminates the need for physicians to manage and store physical drug samples by offering a more convenient and efficient way to allocate, administer and track samples and co-pay savings provided to their patients. Doctors can also review a branded drug's formulary status within the patients' insurance plan to determine at what level the product is paid/reimbursed. With an integrated automated communications capability, SampleMD will also provide on-going patient support and delivery of monthly co-pay savings to promote continued drug compliance for chronic conditions such as diabetes, heart disease and asthma.

- OPTIMIZERx.com – Our Site is a portal to healthcare savings for patients to centrally review and participate in prescription and healthcare savings and support programs. We strive to provide all the information and guidance that patients undergoing long-term pharmaceutical treatments may require. Patients can search by their medication or their condition in order to access educational information regarding their condition, information regarding their medication, coupons for instant savings when they purchase their medications, information on free drug trials, and guidance to any other savings programs available to them.

By providing information as well as significant savings opportunities to users of our Site, we hope to become the default medical website for both patients and the pharmaceutical industry. We feel that the aging of the baby boom generation, combined with the preponderance of internet usage to access information and savings in all areas, has created a large potential market for our Site. The Site is also the launching point for our other products, OFFERx and ADHERxE.

- OFFERx – Our turn-key online platform, OFFERx, allows manufacturers to create, promote, and fulfill new medication offering programs. Through our simple online interface, pharmaceutical manufacturers can offer coupons, discounts, and free trials directly to patients on our Site. This gives a significant level of control to manufacturers regarding the timing and level of their discounts. It also allows unprecedented flexibility in responding to market conditions as manufacturers will no longer need to allow for the long lead times necessary to prepare, print, and distribute the materials traditionally required for such programs.
- AHERxE is our turn-key online platform that allows manufacturers to engage and monitor patients each month in exchange for activation of their monthly co-pay coupons. Pharmaceutical companies that wish to monitor the usage and effectiveness of their products through online surveys are able to provide incentives for patients to participate in the surveys by providing discounts through online coupons available on our Site. Patients complete an initial survey to determine their treatment status. Each month, when patients respond to reminder emails and complete the manufacturer's ongoing survey, they

receive a coupon for discounts on their medications copays. This helps patients afford their medications and provides a way for pharmaceutical companies to track patient usage and results of treatment programs.

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Marketing and Sales

With our marketing partners, we intend to promote OPTIMIZERx and SampleMD primarily through the following:

- Internet Marketing
- Public Relations Campaigns

- Physician Offices
- Direct to Consumer Marketing

- Newspaper and Advertising
- Cable TV

- Pharmacy Partners
- Fortune 500 Employers- Benefits Departments

- Unions and Other Church and Civic organizations
- Physician Organizations and Associations

- Strategic Relationships

For distribution and sales purposes, we rely on internal and independent sales representatives. Additionally, we have entered into co-promotional agreements with Physicians Interactive and Allscripts as detailed above.

Research and Development

All of our officers and directors are part of our continual research development team and monitor new technologies, trends, services, and partnerships that can help us provide additional services and increased value to the healthcare and pharmaceutical industries and to the patients we serve.

Additionally, for the development of SampleMD and enhancements to our technology, OPTIMIZERx has aligned with the Engineering and Information Technology department of Oakland University in Rochester Michigan. They bring highly skilled technology and application developers as well as a solid knowledge of the medical industry.

As mentioned prior, we are currently in the launch phase of SampleMD, our direct to physician solution aimed at simplifying the business processes of providing, administrating, and distributing branded prescription medications to patients. Our continued efforts, complimenting SampleMD with OPTIMIZERx is to provide better affordability for better healthcare.

We seek to educate both our direct and our extended teams through an understanding of all market dynamics that have the potential to affect our business in both the short and long term. Our primary goal is to help patients better afford and access the medicines their doctors prescribe, as well as other healthcare products and services they need. Based on this goal, we continually seek better ways to meet this mission through the use of improved technology, user feedback, and working closely with the pharmaceutical industry. We are continually seeking new ways we can engage the pharmaceutical industry to provide new support programs to patients in need of their products.

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Competition

Direct to Physician Sampling Environment (SampleMD)

SampleMD has faced little competition as it enters the market. The biggest of challengers was physicians having physical samples available on site and within their clinics. MedManage, a technology company who provides a web enables service allowing physician to order physical sample on line for delivery to their clinics was the most prevalent of competitors. MedManage is a Physicians Interactive owned company, and through the partnership allows for the integration of the SampleMD engine within its application (and as another distribution channel for SampleMD) providing the best of either sampling environment for physicians. This integration of SampleMD within multiple distribution channels continued to be a major growth potential for SampleMD, unlike more competitive direct to consumer environment and the OptimizeRx website activity.

The OptimizeRx.com website will compete in the highly competitive pharmaceutical and healthcare advertising industry that is dominated by large well-known companies with established names, solid market niches, wide arrays of product offerings and marketing networks. Our largest competitors include a variety of healthcare website publishers and networks that provide online advertising competition to OPTIMIZERx.com, including Quality Health, WebMD, McKesson, and Drugs.com.

- Quality Health – Quality Health hosts an interactive website that allows users to research information regarding medical conditions, medications, and treatments. Visitors to their website can also search for doctors or health centers in their area, both generally and specific to their condition.
- WebMD – WebMD provides in-depth reference material regarding medical conditions and medicines to users. Individuals can search for a diagnosis via symptoms or research details regarding their previously diagnosed medical conditions. Online support forums are also hosted for patients with particularly challenging conditions.
- McKesson – McKesson Corporation has been providing health care services in the United States for over 175 years. They act as a distributor for pharmaceutical companies to a network of pharmacies, and have developed online solutions for customers, third-party payors, and manufacturers. McKesson has significantly greater financial resources and brand recognition than we do.
- Drugs.com – Drugs.com provides free, accurate, and independent advice on more than 24,000 prescription drugs, over-the-counter medicines, and natural products. Their data sources include Micromedex™, Cerner Multum™, Wolters Kluwer™, and others. Users can search by condition or medication.

Our competitors who have not done so already may be able to enter into the field by developing a website to promote health care offers. However, most may be limited in their ability to create, promote and manage new and exclusive prescription trials or offers. Additionally, with ADHERx and the ability to create multiple offers activated each month for returning patients who sign up, we believe that we are uniquely positioned with significant barriers to entry for potential competitors in this area.

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Intellectual Property

All key aspects of our promotional and offer development platforms are pending patent review. However, our business is not predicated on being awarded patent exclusiveness. Rather, patent protection represents a huge asset and further opportunity upon its receipt.

OPTIMIZERx is a licensed trademark.

SampleMD is a licensed trademark

Our intellectual property is developed significantly each month. Since inception, we have developed and launched OFFERx and ADHERxE, and we are further integrating these platforms to provide more robust offerings. OPTIMIZERx.com and OFFERx are patent pending.

The following table summarizes the status of our patents and patent applications as of the date hereof:

| App Number/ Filing Date | Brief Summary (Products Covered) | Status |
|---|--|-----------------------------|
| S.N. 11/528,292 September 27, 2006 | System for providing patient savings and promoting health care product sales | Patent application pending. |
| S.N. 61/277,161 September 21,2009 | Virtual Sample Cabinet System and Method for Prescribing Drug Marketing | Patent application pending |

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Government Regulation

Fraud and Abuse Laws

Anti-Kickback Statutes

The federal healthcare program Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the furnishing, arranging for or recommending a good or service for which payment may be made in whole or part under a federal healthcare program such as Medicare or Medicaid. The definition of remuneration has been broadly interpreted to include anything of value, including for example gifts, discounts, the furnishing of supplies or equipment, credit arrangements, payments of cash and waivers of payments. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals or otherwise generate business involving goods or services reimbursed in whole or in part under federal healthcare programs, the statute has been violated. The law contains a few statutory exceptions, including payments to bona fide employees, certain discounts and certain payments to group purchasing organizations. Violations can result in significant penalties, imprisonment and exclusion from Medicare, Medicaid and other federal healthcare programs. Exclusion of a manufacturer would preclude any federal healthcare program from paying for its products. In addition, kickback arrangements can provide the basis for an action under the Federal False Claims Act, which is discussed in more detail below. The Anti-Kickback Statute is broad and potentially prohibits many arrangements and practices that are lawful in businesses outside of the healthcare industry. Recognizing that the Anti-Kickback Statute is broad and may technically prohibit many innocuous or beneficial arrangements, the Office of Inspector General of Health and Human Services, or OIG, issued a series of regulations, known as the safe harbors, beginning in July 1991. These safe harbors set forth provisions that, if all the applicable requirements are met, will assure healthcare providers and other parties that they will not be prosecuted under the Anti-Kickback Statute. The failure of a transaction or arrangement to fit precisely within one or more safe harbors does not necessarily mean that it is illegal or that prosecution will be pursued. However, conduct and business arrangements that do not fully satisfy each applicable safe harbor may result in increased scrutiny by government enforcement authorities such as the OIG. Arrangements that implicate the Anti-Kickback Law, and that do not fall within a safe harbor, are analyzed by the OIG on a case-by-case basis. Government officials have focused recent enforcement efforts on, among other things, the sales and marketing activities of healthcare companies, and recently have brought cases against individuals or entities with personnel who allegedly offered unlawful inducements to potential or existing customers in an attempt to procure their business. Settlements of these cases by healthcare companies have involved significant fines and/or penalties and in some instances criminal pleas. In addition to the Federal Anti-Kickback Statute, many states have their own kickback laws. Often, these laws closely follow the language of the federal law, although they do not always have the same exceptions or safe harbors. In some states, these anti-kickback laws apply with respect to all payors, including commercial health insurance companies.

False Claims Laws

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid. Manufacturers can be held liable under false claims laws, even if they do not submit claims to the government, if they are found to have caused submission of false claims. The Federal Civil False Claims Act also includes whistleblower provisions that allow private citizens to bring suit against an entity or individual on behalf of the United States and to recover a portion of any monetary recovery. Many of the recent highly publicized settlements in the healthcare industry related to sales and marketing practices have been cases brought under the False Claims Act. The majority of states also have statutes or regulations similar to the federal false claims laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Sanctions

under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, criminal fines and imprisonment.

Privacy and Security

The Health Insurance Portability and Accountability Act of 1996, or HIPAA, and the rules promulgated there under require certain entities, referred to as covered entities, to comply with established standards, including standards regarding the privacy and security of protected health information, or PHI. HIPAA further requires that covered entities enter into agreements meeting certain regulatory requirements with their business associates, as such term is defined by HIPAA, which, among other things, obligate the business associates to safeguard the covered entity's PHI against improper use and disclosure. While not directly regulated by HIPAA, our customers or distributors might face significant contractual liability pursuant to such an agreement if the business associate breaches the agreement or causes the covered entity to fail to comply with HIPAA. It is possible that HIPAA compliance could become a substantial regulatory burden and expense to our operations, although we do not believe that this will occur as a general website publisher.

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Corporate History

Optimizer Systems, LLC was formed in the State of Michigan on January 31, 2006. It then became a corporation in the state of Michigan on October 22, 2007 and changed its name to OptimizeRx Corporation on October 22, 2007. On April 14, 2008, our company, known at the time as RFID Ltd., consummated entering into a share exchange agreement with the stockholders of OptimizeRx Corporation, pursuant to which the stockholders of OptimizeRx Corporation exchanged all of the issued and outstanding capital stock of OptimizeRx Corporation for 10,664,000 shares of common stock of RFID Ltd.. As of April 30, 2008, RFID's officers and directors resigned their positions and RFID changed its business to OptimizeRx's business. As a result, the historical discussion and financial statements included in this annual report are those of OptimizeRx Corporation. On April 15, 2008, RFID Ltd's corporate name was changed to OptimizeRx Corporation. On September 4, 2008, we then completed a migratory merger, thereby changing our state of incorporation from Colorado to Nevada, resulting in the current corporate structure in which we, OptimizeRx Corporation, a Nevada corporation is the parent corporation, and OptimizeRx Corporation, a Michigan Corporation is our wholly-owned subsidiary.

Employees

As of December 31, 2010, we had five full-time employees and one independent sales contractor who perform various services for us. We also engage consultants, independent sales representatives, investor relations, accounting and legal services. We also established a relationship with Oakland University for technical and programming resources.

Subsidiaries

We conduct our operations through our wholly-owned subsidiary, OptimizeRx Michigan.

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Item 1A. Risk Factors

A smaller reporting company is not required to provide the information required by this Item.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

Currently, we do not own any real estate. Our principal executive offices are located at 407 Sixth Street, Rochester, Michigan, 48307. We have entered into a six-month lease for this 2,000 square foot facility, with a cost of approximately \$2,500 per month. We believe that our properties are adequate for our current needs, but growth potential towards mid to end of 2011 may require larger facilities due to anticipated addition of personnel. We do not have any policies regarding investments in real estate, securities or other forms of property.

Item 3. Legal Proceedings

Aside from the following, we are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

On August 18, 2010, we commenced an action against Midtown Partners & Co., LLC (“Midtown Partners”) in the Circuit Court for the County of Oakland in the State of Michigan. The action is based on a dispute between our company and Midtown Partners surrounding a placement agent agreement that was entered into on June 27, 2008. We filed the action seeking declaratory relief that no compensation is due and owing to Midtown Partners in connection with an investment made by Vicis on June 4, 2010.

Midtown Partners removed the action to the United States District Court for the Eastern District of Michigan. We are in the initial pleading stage of this litigation.

Item 4. (Removed and Reserved)

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PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Since October 28, 2009, our common stock has been quoted on the OTC Bulletin Board, under the symbol "OPRX."

The following table sets forth the range of high and low prices for our common stock for the each of the periods indicated as reported by the OTC Bulletin Board.

| Fiscal Year Ending December 31, 2010 | | |
|---|------------|-----------|
| Quarter Ended | High \$ | Low \$ |
| December 31, 2010 | 1.50 | 0.80 |
| September 30, 2010 | 2.02 | 0.75 |
| June 30, 2010 | 2.45 | 1.26 |
| March 31, 2010 | 2.65 | 0 |

The following table sets forth the range of high and low bid quotations for our common stock for each of the periods indicated as reported by the OTC Bulletin Board. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

| Fiscal Year Ending December 31, 2009 | | |
|---|------------|-----------|
| Quarter Ended | High \$ | Low \$ |
| December 31, 2009 | 2.20 | 0.10 |
| September 30, 2009 | 3.00 | 0.20 |
| June 30, 2009 | 4.00 | 1.05 |
| March 31, 2009 | 4.25 | 0.40 |

On March 30, 2011, the last sales price per share of our common stock was \$0.75.

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Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

Holders of Our Common Stock

As of December 31, 2010, we had 13,606,676 shares of our common stock issued and outstanding, held by 312 shareholders of record, not including those held in street name.

Dividends

We currently intend to retain future earnings for the operation of our business. We have never declared or paid cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future.

In the event that a dividend is declared, common stockholders on the record date are entitled to share ratably in any dividends that may be declared from time to time on the common stock by our board of directors from funds legally available.

There are no restrictions in our articles of incorporation or bylaws that restrict us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or

2. Our total assets would be less than the sum of our total liabilities, plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

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Securities Authorized for Issuance under Equity Compensation Plans

On March 5, 2008, our Board of Directors adopted the 2008 Company Stock Option Plan. The purpose of this plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to our success, by offering them an opportunity to participate in the our future performance through awards of options, the right to purchase common stock and stock bonuses. We reserved 1,490,000 shares of our Common Stock for awards to be made under the 2008 Plan. The 2008 Plan is administered by a committee of two or more members of the Board of Directors or, if no committee is appointed, then by the Board of Directors. The committee, or the Board of Directors if there is no committee, determines who is eligible to receive awards under the plan, grant awards and interpret the 2008 Plan.

We also have warrants outstanding to purchase 10,361,100 shares of our common stock as of December 31, 2010.

Equity Compensation Plans as of December 31, 2010

| | A | B | C |
|--|---|--|---|
| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and right | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)) |
| Equity compensation plans approved by security holders | | | |
| Equity compensation plans not approved by security holders | 10,836,100 | \$2.13 | 1,015,000 |
| Total | | | |

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Recent Sales of Unregistered Securities

On March 11, 2010, we issued 12,000 shares of common stock for services valued at \$27,960.

On April 20, 2010, we issued 66,000 shares to board members for services valued at \$130,680.

Additionally on May 27, 2010, we issued 25,000 for services valued at \$42,500.

On September 27, 2010, we issued 100,000 shares of common stock for services valued at \$100,000.

On October 14, 2010, we issued 24,000 shares to a board member or advisory services valued at \$30,000.

During the year ended December 31, 2010, we issued 410,520 shares of common stock to satisfy \$700,000 of preferred dividends.

On February 19, 2010, 75,400 stock warrants were exercised for 43,039 shares of common stock in a cashless exchange.

On May 19, 2010, 25,000 stock warrants were exercised for 25,000 shares of common stock for total proceeds of \$8,750.

On April 26, 2010, we acquired from an officer and shareholder the technical contributions and assignment of all exclusive rights to and for the SampleMD patent currently in process in exchange for 300,000 shares of common stock to be granted at the discretion of the seller in addition to 200,000 stock options valued at \$360,000. The shares were valued on the grant date at \$570,000 and have been recorded as a payable to the related party.

These issuances were deemed to be exempt under rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended, since, among other things, the transactions did not involve a public offering, the investors were accredited investors and / or qualified institutional buyers, the investors had access to information about the Company and their investment, the investors took the securities for investment and not resale, and the Company took appropriate measures to restrict the transfer of the securities.

Item 6. Selected Financial Data

A smaller reporting company is not required to provide the information required by this Item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that

are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

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Results of Operations for the Years Ended December 31, 2010 and 2009

Revenues

Our total revenue reported for year ended December 31, 2010 was \$71,065, an increase from \$26,723 from the prior year.

Our increased revenue for the year ended December 31, 2010 as compared with the prior year is a result of the initial launch of our SampleMD solution and the setup and integration fees for pharmaceutical manufacturers whom are participating within this offering.

Operating Expenses

Operating expenses decreased to \$1,917,296 for the year ended December 31, 2010 from \$4,613,039 for the year ended December 31, 2009. Our operating expenses for year ended December 31, 2010 as compared to the prior year is set forth below:

| | 2010 | 2009 |
|---|-----------|-----------|
| OPERATING EXPENSES | | |
| Salaries, wages, taxes and benefits | \$803,774 | \$524,632 |
| Share-based compensation to employees | 6,203 | 1,321,226 |
| Consulting fees | 355,929 | 1,554,415 |
| Advertising | 130,061 | 686,545 |
| Professional fees | 213,970 | 154,752 |
| Travel | 58,132 | 76,142 |
| Investor relations | 53,450 | 30,900 |
| Depreciation, amortization and impairment | 119,083 | 32,516 |
| Research and development | 78,437 | 39,388 |
| Insurance | 22,328 | 14,054 |
| Website maintenance | 22,480 | 15,801 |
| General and administrative | 53,449 | 162,668 |

Our expenses decreased in 2010 as compared with 2009 largely as a result of less expenses related to share-based compensation, consulting fees and advertising.

Other Income/Expenses

Other expenses were \$162,793 for year ended December 31, 2010 a decrease from other income of \$30,627 for same period ended 2009. We had \$106,551 in interest expenses and an impairment of \$59,083 for the year ended December

31, 2010, that resulted in the major difference between 2010 and 2009.

Net Loss

Net loss for the year ended December 31, 2010 was \$2,009,024, compared to net loss of \$4,555,689 for the year ended December 31, 2009.

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Liquidity and Capital Resources

As of December 31, 2010, we had total current assets of \$2,084,145 and total assets in the amount of \$3,748,627. Our total current liabilities as of December 31, 2010 were \$854,829. We had working capital of \$1,229,316 as of December 31, 2010.

Operating activities used \$1,311,413 in cash for the year ended December 31, 2010. Our net loss of \$2,009,024 was the primary component of our negative operating cash flow, offset mainly by \$281,140 in stock issued for services, \$186,425 in stock warrants issued for services and a \$225,720 increase in deferred revenue. Investing activities used \$225,637 during the year ended December 31, 2010 largely as a result of website development costs. Financing activities provided \$2,158,750 for the year ended December 31, 2010 largely as a result of the sale of our Series B Preferred Stock and proceeds from a note payable.

On October 5, 2010, we issued a secured promissory note (the "Note") in the principal amount of \$1,000,000 to Physicians Interactive, Inc., a Delaware corporation (the "Investor"). The Investor also received a seven year warrant to purchase up to 1,000,000 shares of our common stock at an initial exercise price of \$2.25 per share and a contingent seven year warrant to purchase up to an aggregate of 1,000,000 shares of our common stock at an initial exercise price of \$2.00 based on royalties we may receive under a Strategic Partnering Agreement we entered into with Physicians Interactive Holdings, LLC (together the "Warrants").

The Note accrues interest at a rate of 6% per annum, compounded on April and October each year, which will be paid together with the repayment of the principal amount at the earliest of (i) September 12, 2012; (ii) prepayment of the Note at our option (iii) the occurrence of an Event of Default (as defined in the Note); or (iv) the "Maturity Date" as defined in our Certificate of Designation for our Series B Convertible Preferred Stock.

The Notes and Warrants were issued pursuant to a Securities Purchase Agreement (the "Purchase Agreement") dated as of October 5, 2010 with the Investor. The Investor is entitled to certain contractual benefits under the Purchase Agreement, which are summarized as follows:

- § Until June 4, 2012 or until prepayment in full of all obligations under the Note, the right, subject to certain exceptions, to participate in any subsequent sale of our common stock or any securities convertible into our common stock up to 30% of the amount of the financing;
- § At any time when the Note is outstanding, the right to nominate a designee of Investor for election to our Board of Directors and to provide such nominee with D&O insurance coverage;
- § At any time when the Note is outstanding, we are prohibited from: issuing dividends or repurchasing our outstanding shares, incurring certain indebtedness, issuing securities that are senior to the Note; disposing of 20% of our assets; incurring a change in control; increasing the authorized size of our Board of Directors; entering into certain transactions with affiliates; or registering certain shares; and
- § Upon the occurrence and continuance of an Event of Default (as defined in the Purchase Agreement), the Investor may at any time (unless all defaults shall theretofore have been remedied) require us to pay immediately 125% of the sum of all unpaid principal on the Note plus all accrued but unpaid interest and other amounts payable thereunder.

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Our wholly-owned subsidiary, OptimizeRx Corporation, a Michigan corporation (the “Guarantor”), entered into a Guaranty Agreement (the “Guaranty”) with Investor to guarantee the prompt and complete payment when due of all principal, interest and other amounts under the Note. The obligations under the Guaranty are independent of our obligations under the Note and separate actions may be brought against the Guarantor.

Vicis Capital Master Fund, a sub-trust of Vicis Capital Series Master Trust, a unit trust organized and existing under the laws of the Cayman Islands (“Vicis”) was instrumental in facilitating our \$1,000,000 financing transaction with Investor by participating and by making certain concessions in our transaction documents with the Investor. As previously reported, we entered into two financing transactions with Vicis. The first was a Securities Purchase Agreement for the sale of Series A Convertible Preferred Stock dated as of September 8, 2008 and the second was a Securities Purchase Agreement dated as of June 4, 2010 for the sale of Series B Convertible Preferred Stock (the “Vicis Financings”). In connection with the Vicis Financings, we granted Vicis a security interest in our assets and further agreed to register certain shares brought about by the financings. In order to induce the Investor to enter into an agreement with us, Vicis agreed to modify its security agreement and registration rights agreement.

Specifically, we entered into a Second Amended and Restated Security Agreement with Vicis and the Investor, which granted the parties a security interest in substantially all of our assets. The Guarantor also entered into a Second Amended and Restated Guarantor Security Agreement with Vicis and the Investor, which granted the parties a security interest in substantially all of the Guarantor’s assets.

We further entered into an Amended and Restated Registration Rights Agreement with Vicis and the Investor to file a registration statement upon demand to cover the resale of the shares of our common stock issuable upon exercise of the Investor’s Warrants, the shares of our common stock issuable upon conversion of Vicis’ Series B Convertible Preferred Stock, and the shares of our common stock issuable as dividends on the Series B Convertible Preferred Stock.

We were also a party to a Securityholders’ Agreement where Vicis and the Investor contracted over matters including, the maturity date for the Series A Convertible Preferred Stock and Series B Convertible Preferred Stock, preemptive rights for future financings, and voting rights for ominee directors. Finally, we were a party to an Intercreditor Agreement where Vicis and the Investor contracted over matters including, confirming the relative priority with respect to our collateral assets, providing for the orderly sharing of the proceeds of such assets, and agreeing upon the terms of the subordination of our obligations.

Also, as previously reported, during the year ended December 31, 2010, we issued 15 preferred shares for \$1,500,000.

As of December 31, 2010 with the current level of financing and cash on hand, we have sufficient cash to operate our business at the current level for the next twelve months but insufficient cash to achieve our business goals unless we: a) realize cash revenues on sales generated; b) meet the milestones as defined in the second round of financing with Vicis and satisfy the conditions to secure the second tranche of funding; and/or c) obtain additional financing through debt and/or equity based financing arrangements which may be insufficient to fund our capital expenditures, working capital, or other cash requirements. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all.

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Off Balance Sheet Arrangements

As of December 31, 2010, there were no off balance sheet arrangements.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has sustained substantial losses since inception.

In view of this matter, the ability of the Company to continue as a going concern is dependent upon growth of revenues and the ability of the Company to raise additional capital. Management believes that its successful ability to raise capital and increases in revenues will provide the opportunity for the Company to continue as a going concern.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most “critical accounting policies” in the Management Discussion and Analysis. The SEC indicated that a “critical accounting policy” is one which is both important to the portrayal of a company’s financial condition and results, and requires management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our critical accounting policies are set forth in Note 2 to the financial statements.

Recently Issued Accounting Pronouncements

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company’s results of operation, financial position or cash flow.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

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Item 8. Financial Statements and Supplementary Data

Index to Financial Statements Required by Article 8 of Regulation S-X:

Audited Financial Statements:

| | |
|------------|---|
| <u>F-1</u> | <u>Report of Independent Registered Public Accounting Firm</u> |
| <u>F-2</u> | <u>Consolidated Balance Sheets as of December 31, 2010 and 2009</u> |
| <u>F-3</u> | <u>Consolidated Statements of Operations for the years ended December 31, 2010 and 2009</u> |
| <u>F-4</u> | <u>Consolidated Statement of Stockholders' Equity as of December 31, 2010</u> |
| <u>F-5</u> | <u>Consolidated Statements of Cash Flows for the year ended December 31, 2010 and 2009</u> |
| <u>F-6</u> | <u>Consolidated Notes to Financial Statements</u> |

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
OptimizeRx Corporation
Rochester, Michigan

We have audited the accompanying consolidated balance sheets of OptimizeRx Corporation as of December 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Companies 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of OptimizeRx Corporation, as of December 31, 2010 and 2009 and the results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming that the OptimizeRx Corporation will continue as a going concern. As discussed in Note 17 to the financial statements, the Company has limited working capital, has received limited revenue from sales of products or services, and has incurred losses from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are described in Note 17. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Silberstein Ungar, PLLC
Silberstein Ungar, PLLC

Bingham Farms, Michigan
March 30, 2011

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OPTIMIZER_x CORPORATION
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2010 AND 2009

| ASSETS | 2010 | 2009 |
|---|---------------------|-------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 1,278,094 | \$ 656,394 |
| Account receivable – trade | 226,000 | 14,465 |
| Prepaid expenses | 80,051 | 8,092 |
| Debt discount – current portion | 500,000 | 0 |
| Total Current Assets | 2,084,145 | 678,951 |
| | | |
| Property and Equipment, net | 13,061 | 13,581 |
| Other Assets | | |
| Web development costs, net | 332,107 | 197,610 |
| Patent rights and intangible assets, net | 902,647 | 0 |
| Debt discount – net of current portion | 416,667 | 0 |
| Total Other Assets | 1,651,421 | 197,610 |
| | | |
| TOTAL ASSETS | \$ 3,748,627 | \$ 890,142 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 38,409 | \$ 33,224 |
| Accrued expenses | 5,700 | 4,606 |
| Accrued interest | 15,000 | 0 |
| Deferred revenue | 225,720 | 0 |
| Accounts payable – related party | 570,000 | 0 |
| Total Current Liabilities | 854,829 | 37,830 |
| | | |
| Long-Term Liabilities | | |
| Note payable | 1,000,000 | 0 |
| | | |
| TOTAL LIABILITIES | 1,854,829 | 37,830 |
| | | |
| STOCKHOLDERS' EQUITY | | |
| Common stock, par \$.001, 500,000,000 shares authorized, 13,606,676 shares issued and outstanding (12,826,117 – 2009) | 13,607 | 12,826 |
| Preferred stock, par \$.001, 10,000,000 shares authorized, 50 shares issued and outstanding (35 – 2009) | 0 | 0 |
| Stock warrants | 20,281,328 | 18,139,252 |
| Additional paid in capital | 3,355,615 | 1,747,962 |
| Accumulated deficit | (21,756,752) | (19,047,728) |
| Total Stockholders' Equity | 1,893,798 | 852,312 |

| | | |
|---|--------------|------------|
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 3,748,627 | \$ 890,142 |
|---|--------------|------------|

The accompanying notes are an integral part of the financial statements.

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OPTIMIZER_x CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

| | Year ended December 31, 2010 | Year ended December 31, 2009 |
|--|------------------------------------|------------------------------------|
| GROSS REVENUES | \$ 71,065 | \$ 26,723 |
| OPERATING EXPENSES | | |
| Salaries, wages, taxes and benefits | 803,774 | 524,632 |
| Share-based compensation to employees | 6,203 | 1,321,226 |
| Consulting fees | 355,929 | 1,554,415 |
| Advertising | 130,061 | 686,545 |
| Professional fees | 213,970 | 154,752 |
| Travel | 58,132 | 76,142 |
| Investor relations | 53,450 | 30,900 |
| Depreciation and amortization | 119,083 | 32,516 |
| Research and development | 78,437 | 39,388 |
| Insurance | 22,328 | 14,054 |
| Website maintenance | 22,480 | 15,801 |
| General and administrative | 53,449 | 162,668 |
| TOTAL OPERATING EXPENSES | 1,917,296 | 4,613,039 |
| NET OPERATING LOSS | (1,846,231) | (4,586,316) |
| OTHER INCOME (EXPENSES) | | |
| Interest income | 2,841 | 30,189 |
| Other income | 0 | 1,471 |
| Interest expense | (106,551) | (1,033) |
| Impairment | (59,083) | 0 |
| TOTAL OTHER INCOME (EXPENSES) | (162,793) | 30,627 |
| NET LOSS BEFORE INCOME TAXES | (2,009,024) | (4,555,689) |
| PROVISION FOR INCOME TAXES | 0 | 0 |
| NET LOSS | \$ (2,009,024) | \$ (4,555,689) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 13,231,341 | 12,583,841 |
| NET LOSS PER SHARE: BASIC AND DILUTED | \$ (0.15) | \$ (0.36) |

The accompanying notes are an integral part of the financial statements.

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OPTIMIZER_x CORPORATION
 CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
 AS OF DECEMBER 31, 2010

| | Common Stock Shares | Common Stock Amount | Preferred Stock Shares | Preferred Stock Amount | Stock Warrants | Additional Paid in Capital | Accumulated Deficit | Total |
|--|------------------------|------------------------|------------------------------|------------------------------|-------------------|----------------------------------|------------------------|-------------|
| Balance, December 31, 2008 | 12,262,958 | \$12,263 | 35 | \$0 | \$16,905,280 | \$0 | \$(14,492,039) | \$2,425,504 |
| Outstanding share adjustment | (86,749) | (87) | - | - | - | 87 | - | 0 |
| Issuance of common stock for services | 284,000 | 284 | - | - | - | 1,007,956 | - | 1,008,240 |
| Issuance of stock warrants and options to employees | - | - | - | - | 1,321,226 | - | - | 1,321,226 |
| Issuance of stock warrants and options for services | - | - | - | - | 618,031 | - | - | 618,031 |
| Conversion of stock warrants to common stock | 365,908 | 366 | - | - | (705,285) | 739,919 | - | 35,000 |
| Net loss for the year ended December 31, 2009 | - | - | - | - | - | - | (4,555,689) | (4,555,689) |
| Balance, December 31, 2009 | 12,826,117 | 12,826 | 35 | 0 | 18,139,252 | 1,747,962 | (19,047,728) | 852,312 |
| Outstanding share adjustment | 75,000 | 75 | - | - | - | (75) | - | 0 |
| | - | - | - | - | 57,425 | - | - | 57,425 |

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| | | | | | | | | |
|---|---------|-----|----|---|------------|-------------|------------|------------|
| Issuance of stock warrants for services | | | | | | | | |
| Stock warrants converted to common stock | 43,039 | 43 | - | - | (153,816) | 153,773 | - | 0 |
| Issuance of common stock for services | 12,000 | 12 | - | - | - | 27,948 | - | 27,960 |
| Issuance of common stock to board of directors | 66,000 | 66 | - | - | - | 130,614 | - | 130,680 |
| Issuance of common stock for services | 25,000 | 25 | - | - | - | 42,475 | - | 42,500 |
| Issuance of stock options to acquire patent rights | - | - | - | - | - | 360,000 | - | 360,000 |
| Issuance of common stock to settle dividends on preferred stock | 236,598 | 237 | - | - | - | 524,763 | (525,000) | 0 |
| Stock warrants converted to common stock | 25,000 | 25 | - | - | (57,425) | 66,150 | - | 8,750 |
| Issuance of preferred stock | - | - | 15 | - | - | 1,500,000 | - | 1,500,000 |
| Preferred stock issuance costs | - | - | - | - | - | (350,000) | - | (350,000) |
| Issuance of stock warrants in | - | - | - | - | 1,158,900 | (1,158,900) | - | 0 |

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| | | | | | | | | |
|--|------------|----------|----|-----|--------------|-------------|----------------|-------------|
| connection with preferred stock | | | | | | | | |
| Issuance of stock warrants for services | - | - | - | - | 129,000 | - | - | 129,000 |
| Issuance of common stock for services | 100,000 | 100 | - | - | - | 99,900 | - | 100,000 |
| Issuance of stock options to employee | - | - | - | - | - | 6,203 | - | 6,203 |
| Issuance of stock warrants and contingent stock warrants in connection with debt financing | - | - | - | - | 1,007,992 | - | - | 1,007,992 |
| Issuance of common stock to board member | 24,000 | 24 | - | - | - | 29,976 | - | 30,000 |
| Issuance of common stock to settle dividends on preferred stock | 173,922 | 174 | - | - | - | 174,826 | (175,000) | 0 |
| Net loss for the year ended December 31, 2010 | - | - | - | - | - | - | (2,009,024) | (2,009,024) |
| Balance, December 31, 2010 | 13,606,676 | \$13,607 | 50 | \$0 | \$20,281,328 | \$3,355,615 | \$(21,756,752) | \$1,893,798 |

The accompanying notes are an integral part of the financial statements.

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OPTIMIZER_x CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

| | | |
|--|----------------|----------------|
| Cash Flows from Operating Activities: | 2010 | 2009 |
| Net Loss for the period | \$ (2,009,024) | \$ (4,555,689) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | |
| Depreciation and amortization expense | 59,930 | 32,516 |
| Impairment of website asset | 59,083 | 0 |
| Common stock issued for services | 281,140 | 1,008,240 |
| Stock options issued for compensation | 6,203 | 0 |
| Stock warrants issued for services | 186,425 | 1,939,257 |
| Interest related to issuance of warrants | 7,992 | 0 |
| Amortization of debt discount | 83,333 | 0 |
| Changes in Assets and Liabilities | | |
| (Increase) in accounts receivable – trade | (211,535) | (14,465) |
| Decrease in accounts receivable - employee | 0 | 1,346 |
| (Increase) in prepaid expenses | (21,959) | (4,800) |
| Increase (decrease) in accounts payable | 3,753 | (138,640) |
| Increase (decrease) in accrued expenses | 2,526 | (37,327) |
| Increase in accrued interest | 15,000 | 0 |
| Increase in deferred revenue | 225,720 | 0 |
| Net Cash Used in Operating Activities | (1,311,413) | (1,769,562) |
| Cash Flows from Investing Activities: | | |
| Acquisitions of property and equipment | (1,230) | 0 |
| Web development costs | (224,407) | (107,700) |
| Net Cash Used in Investing Activities | (225,637) | (107,700) |
| Cash Flows from Financing Activities: | | |
| Proceeds from note payable | 1,000,000 | 0 |
| Repayments of notes payable – related parties | 0 | (4,000) |
| Net proceeds from sale of preferred stock | 1,150,000 | 0 |
| Proceeds from conversion of stock warrants to common stock | 8,750 | 35,000 |
| Net Cash Provided by Financing Activities | 2,158,750 | 31,000 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 621,700 | (1,846,262) |
| Cash and Cash Equivalents – Beginning of year | 656,394 | 2,502,656 |
| Cash and Cash Equivalents – End of year | \$ 1,278,094 | \$ 656,394 |
| Supplemental Cash Flow Information: | | |
| Cash paid for interest | \$ 0 | \$ 1,793 |
| Cash paid for income taxes | \$ 0 | \$ 0 |
| Supplemental Disclosure of Non-Cash Investing and Financing Activities: | | |
| | \$ 360,000 | \$ 0 |

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| | | | |
|--|----|-----------|------------|
| Stock options issued in connection with acquisition of patent rights | | | |
| Payable to shareholder to be settled in stock issued in connection with acquisition of patent rights | \$ | 570,000 | \$ 0 |
| Debt discount related to warrants issued in connection with debt financing | \$ | 1,000,000 | \$ 0 |
| Stock warrants issued in connection with preferred stock issuance | \$ | 1,158,900 | \$ 0 |
| Common stock issued to satisfy dividends related to preferred stock | \$ | 700,000 | \$ 0 |
| Common stock issued for services and classified as prepaid expense | \$ | 50,000 | \$ 0 |
| Non-cash conversions of stock warrants to common stock | \$ | 211,241 | \$ 705,285 |

The accompanying notes are an integral part of the financial statements.

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OPTIMIZER_x CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: Nature of Operations

Optimizer Systems, LLC was formed in the State of Michigan on January 31, 2006. It then became a corporation in the state of Michigan on October 22, 2007 and changed its name to OptimizeRx Corporation on October 22, 2007. On April 14, 2008, RFID Ltd., a Colorado corporation, consummated a reverse merger by entering into a share exchange agreement with the stockholders of OptimizeRx Corporation, pursuant to which the stockholders of OptimizeRx Corporation exchanged all of the issued and outstanding capital stock of OptimizeRx Corporation for 1,256,958 shares of common stock of RFID Ltd., representing 100% of the outstanding capital stock of RFID Ltd. As of April 30, 2008, RFID's officers and directors resigned their positions and RFID changed its business to OptimizeRx's business. On April 15, 2008, RFID Ltd's corporate name was changed to OptimizeRx Corporation. On September 4, 2008, a migratory merger was completed, thereby changing the state of incorporation from Colorado to Nevada, resulting in the current corporate structure in which OptimizeRx Corporation, a Nevada corporation is the parent corporation, and OptimizeRx Corporation, a Michigan Corporation is a wholly-owned subsidiary (together "OptimizeRx" and the "Company").

The wholly-owned subsidiary, OptimizeRx Corporation, is a technology solutions company targeting the health care industry. Their objective is to bring better access to better care through connecting patients, physicians, and pharmaceutical manufacturers through technology. Once defined as a marketing and advertising company through its consumer website, OptimizeRx is maturing as a technology solutions provider as it launched its direct to physician solution, SampleMD. SampleMD allows physicians to search, print and send available sample trial vouchers and or co-pay coupons on behalf of their patients. The SampleMD solution can either sit on the doctor's desktop or can be integrated into the ePrescribing or Electronic Medical Records applications. OptimizeRx solutions provide pharmaceutical manufacturers either a direct to consumer and or direct to physician channels for communicating and promoting their products. It provides health care providers a means to provide sampling and coupons without having to physically store samples on site, and it provides better access and affordability to the patents.

Note 2: Significant Accounting Policies

Basis of Presentation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America and are presented in US dollars.

Accounting Basis

The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America ("GAAP" accounting). The Company has adopted a December 31 fiscal year end.

Principles of Consolidation

The financial statements reflect the consolidated results of OptimizeRx Corporation (a Nevada corporation) and its wholly owned subsidiary OptimizeRx Corporation (a Michigan corporation). All material inter-company transactions have been eliminated in the consolidation.

Development Stage in Prior Periods

OptimizeRx was in the development stage from October 3, 2008 to May 31, 2010. The year ending December 31, 2010 is the first year during which the Company is considered an operating company and is no longer in the development stage.

Reclassifications

Certain accounts and financial statement captions in the prior periods have been reclassified to conform to the current period financial statements.

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OPTIMIZER_x CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 2: Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the accompanying financial statements, the Company considers all highly liquid instruments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of demand deposits with a financial institution. At December 31, 2010, the company's cash balances exceed the FDIC insurance amount of \$250,000. The Company believes there is minimal credit risk relative to its cash and investment accounts.

Fair Value of Financial Instruments

The fair value of cash, accounts receivable, prepaid expenses, accounts payable, accrued expenses, accrued interest, deferred revenue, accounts payable – related party and notes payable approximate the carrying amount of these financial instruments due to their short-term nature. The fair value of long-term debt, which approximates its carrying value, is based on current rates at which the Company could borrow funds with similar remaining maturities.

Property and Equipment

The capital assets are being depreciated over their estimated useful lives, three to seven years, using the straight line method of depreciation for book purposes.

Research and Development

The Company's key members are part of a continual research and development team and monitor new technologies, trends, services and partnerships that can provide the Company with additional services, value to healthcare and pharmaceutical industries and to the patients we serve.

The Company seeks to educate team members through understanding of all market dynamics that have the potential to affect business both short term and long term. The primary goal is to help patients better afford and access the medications their doctors prescribe, as well as other healthcare products and services they need. Based on this, the Company continually seeks better ways to meet this mission through technology, better user experiences and new ways to engage industries to provide new support program for patients needing their products. The Company is always seeking new services and solutions to offer. At this time, the three current platforms provide robust opportunities and growth during the next five years.

Revenue Recognition

All revenue is recognized when it is earned. Revenues are generated either through the Company's website activities, in which we earn revenue from advertising and lead generation activities, or from our SampleMD activities, which include offering setup within the systems and our offers, coupons, and vouchers that enable our customers to save money on medical products and services. The Company's processes are monitored by third parties who collect revenues from clients on a per activity basis and report and forward the revenue to the Company's account.

Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Use of Estimates

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

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OPTIMIZER_x CORPORATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2010

Note 2: Significant Accounting Policies (continued)

Earnings Per Common and Common Equivalent Share

The computation of basic earnings per common share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus common stock equivalents which would arise from the exercise of warrants outstanding using the treasury stock method and the average market price per share during the year. Options warrants and convertible preferred stock which are common stock equivalents are not included in the diluted earnings per share calculation for December 31, 2010 and 2009, respectively, since their effect is anti-dilutive.

Impairment of Long-Lived Assets

The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Recently Issued Accounting Guidance

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operation, financial position or cash flow.

Note 3: Prepaid Expenses

Prepaid expenses consisted of the following as of December 31:

| | 2010 | 2009 |
|-----------------------------|-----------|----------|
| Insurance | \$ 6,111 | \$ 4,794 |
| Web development | 20,000 | 0 |
| Investor relations | 50,000 | 0 |
| Employee advances | 940 | 298 |
| Advertising | 3,000 | 3,000 |
| Property and equipment, net | \$ 80,051 | \$ 8,092 |

Note 4: Property and Equipment

Property and equipment is recorded at cost and consisted of the following at December 31:

| | 2010 | 2009 |
|------------------------|-----------|-----------|
| Computer equipment | \$ 13,824 | \$ 12,594 |
| Furniture and fixtures | 4,293 | 4,293 |

| | | |
|--------------------------------|-----------|-----------|
| Subtotal | 18,117 | 16,887 |
| Less: Accumulated depreciation | (5,056) | (3,306) |
| Property and equipment, net | \$ 13,061 | \$ 13,581 |

Depreciation expense was \$1,750 and \$1,689 for the years ended December 31, 2010 and 2009, respectively.

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OPTIMIZERx CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

Note 5: Web Development Costs

Costs in developing the websites and web-based products have been capitalized and consist of the following at December 31:

| | 2010 | 2009 |
|---------------------------------|------------|------------|
| OptimizeRx web development | \$ 154,133 | \$ 154,133 |
| SampleMD web development | 332,107 | 107,700 |
| Subtotal, web development costs | 486,240 | 261,833 |
| Less: Accumulated amortization | (95,050) | (64,223) |
| Less: Impairment | (59,083) | 0 |
| Web development costs, net | \$ 332,107 | \$ 197,610 |

The Company began amortizing the OptimizeRx website costs, using the straight-line method over the estimated useful life of 5 years, once it was put into service in December of 2007. During the year end December 31, 2009, the Company began a new web-based project and the related programming and development costs have been capitalized for the SampleMD website. The project was completed in mid-December 2010 and no amortization was recorded in 2010. Amortization will begin on the straight-line method in January 2011 over the period of five years. The Company determined that the original OptimizeRx website was no longer useful so the remaining unamortized balance of \$59,083 was impaired as of December 31, 2010. Amortization expense was \$30,827 and \$30,827 for the years ended December 31, 2010 and 2009, respectively.

Note 6: Patent Rights and Intangible Assets

On April 26, 2010, the Company acquired from an officer and shareholder the technical contributions and assignment of all exclusive rights to and for the SampleMD patent currently in process in exchange for 300,000 shares of common stock to be granted at the discretion of the seller in addition to 200,000 stock options valued at \$360,000. The shares were valued on the grant date at \$570,000 and have been recorded as a payable to the related party.

The Company has capitalized costs in acquiring the SampleMD patent, which consisted of the following at December 31:

| | 2010 | 2009 |
|--|------------|------|
| Patent rights and intangible assets | \$ 930,000 | \$ 0 |
| Less: Accumulated amortization | (27,353) | 0 |
| Patent rights and intangible assets, net | \$ 902,647 | \$ 0 |

The Company began amortizing the patent, using the straight-line method over the estimated useful life of 17 years, once it was put into service in July 2010. Amortization expense was \$27,353 and \$0 for the years ended December 31, 2010 and 2009, respectively.

Note 7: Accrued Expenses

Accrued expenses consisted of the following at December 31:

| | 2010 | 2009 |
|------------------------|----------|----------|
| Accrued payroll taxes | \$ 700 | \$ 106 |
| Accrued audit fees | 5,000 | 4,500 |
| Total accrued expenses | \$ 5,700 | \$ 4,606 |

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OPTIMIZER_x CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 8: Deferred Revenue

The Company has signed several contracts with customers for coupon redemptions on their website. The payments are not taken into revenue until the end user redeems the coupon. The redemptions are tracked via their website and revenues are recorded as the coupons are redeemed. As of December 31, 2010, \$225,720 has been recorded as deferred revenue.

Note 9: Note Payable

On October 5, 2010, the Company issued a promissory note for \$1,000,000. The note accrues interest at 6% per annum, compounded in April and October each year and has a maturity date of September 12, 2012. No principal or interest payments are required until the maturity date. Accrued interest was \$15,000 as of December 31, 2010. The terms of the note also granted 1,000,000 stock warrants and 1,000,000 contingent stock warrants in connection with the financing. The non-contingent warrants were valued at \$1,007,992 with \$1,000,000 recorded as debt discount and \$7,992 recorded as interest expense in the current period. The company analyzed the assumptions associated with the contingent warrants and determined that the performance objectives were not likely to occur in 2011. Therefore, no value was recorded for the contingent warrants. The debt discount derived from the warrant valuation of \$1,000,000 will be amortized over the life of the loan using the straight-line method and charged to interest expense. As of December 31, 2010, \$83,333 had been amortized with the remaining balance of \$916,667 to be amortized through October 5, 2012.

Note 10: Common Stock

OptimizeRx Corporation has 500,000,000 shares of \$.001 par value common stock authorized as of December 31, 2010. There were 13,606,676 and 12,826,117 common shares issued and outstanding at December 31, 2010 and 2009, respectively.

During 2009, 284,000 shares were issued as compensation for services valued at \$1,008,240. There were 365,908 shares issued in a cashless exchange of common stock warrants during the year ended December 31, 2009.

On March 11, 2010, the Company issued 12,000 shares of common stock for services valued at \$27,960.

On April 20, 2010, the Company issued 66,000 shares to board members for services valued at \$130,680.

Additionally on May 27, 2010, the Company issued 25,000 for services valued at \$42,500.

On September 27, 2010, the Company issued 100,000 shares of common stock for services valued at \$100,000.

On October 14, 2010, the Company issued 24,000 shares to a board member or advisory services valued at \$30,000.

During the year ended December 31, 2010, the Company issued 410,520 shares of common stock to satisfy \$700,000 of preferred dividends.

On February 19, 2010, 75,400 stock warrants were exercised for 43,039 shares of common stock in a cashless exchange.

On May 19, 2010, 25,000 stock warrants were exercised for 25,000 shares of common stock for total proceeds of \$8,750.

On April 26, 2010, the Company acquired from an officer and shareholder the technical contributions and assignment of all exclusive rights to and for the SampleMD patent currently in process in exchange for 300,000 shares of common stock to be granted at the discretion of the seller in addition to 200,000 stock options valued at \$360,000. The shares were valued on the grant date at \$570,000 and have been recorded as a payable to the related party.

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OPTIMIZER_x CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 11: Preferred Stock

Series A Preferred

During the year ended December 31, 2008, 35 preferred shares were issued for \$3,500,000. Issuance costs totaled \$515,000 resulting in net proceeds of \$2,985,000. The 35 shares are convertible to 3,500,000 shares of common stock and bear a 10% cumulative dividend. In addition, there was a warrant issued to purchase 6,000,000 shares of common stock at an exercise price of \$2 for a period of seven years.

The holders of the preferred stock are entitled to semi-annual dividends payable on the stated value of the Series A preferred stock at a rate of 10% per annum, which shall be cumulative, and accrue daily from the issuance date. The dividends may be paid in cash or shares of the Company's common stock at management's discretion. If after the conversion eligibility date, the market price for the common stock for any ten consecutive trading days in which the stock trades for over \$2 per share and trading exceeds 100,000 shares per day, the preferred shareholders can be required to convert their shares to common stock.

Each share of Series A preferred stock shall also be convertible at the option of the holder into that number of shares of common stock of the Company at the stated value of such share at a \$1 conversion price.

The holder may cause this conversion at the time the shares are eligible for resale by the holder. The conversion price is subject to adjustment as hereinafter provided, at any time, or from time to time upon the terms and in the manner hereinafter set forth in the shareholder agreement. There is no conversion expiration date, however, the holder must provide thirty days' notice for the registration of the conversion.

On May 12, 2010, the Company's Board declared and issued 236,598 common shares as payment for all cumulative and current semi-annual dividends. On November 16, 2010, the Company's Board declared and issued 173,922 common shares for its semi-annual dividend payment. As of December 31, 2010, there is an undeclared dividend of \$110,274.

Series B Preferred

During the year ended December 31, 2010, 15 preferred shares were issued for \$1,500,000. The 15 shares are convertible to 1,500,000 shares of common stock and bear a 10% cumulative dividend. In addition, there was a warrant issued to purchase 2,000,000 shares of common stock at an exercise price of \$3 for a period of seven years.

The preferred stock was issued for \$1,500,000 less associated issuance costs of \$350,000 for net proceeds of \$1,150,000. Additionally, 3,000,000 common stock warrants were issued with the preferred stock. Based on the fair values of the preferred stock and common stock warrants on the issue date, \$341,100 was allocated to preferred stock and \$1,158,900 was allocated to the common stock warrants. Equity issuance costs of \$350,000 were allocated to the preferred stock.

The holders of the preferred stock are entitled to semi-annual dividends payable on the stated value of the Series B preferred stock at a rate of 10% per annum, which shall be cumulative, and accrue daily from the issuance date. The dividends may be paid in cash or shares of the Company's common stock at management's discretion. If after the conversion eligibility date, the market price for the common stock for any ten consecutive trading days in which the stock trades for over \$2 per share and trading exceeds 100,000 shares per day, the preferred shareholders can be required to convert their shares to common stock. Each share of Series B preferred stock shall also be convertible at

the option of the holder into that number of shares of common stock of the Company at the stated value of such share at a \$1.50 conversion price.

The holder may cause this conversion at the time the shares are eligible for resale by the holder. The conversion price is subject to adjustment as hereinafter provided, at any time, or from time to time upon the terms and in the manner hereinafter set forth in the shareholder agreement. As of December 31, 2010, there is an undeclared dividend of \$85,993.

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OPTIMIZER_x CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 11: Preferred Stock (continued)

Series B Preferred (continued)

In the event the Company has added at least 1,750 active physicians to the system, and added 35 brands, the Company may issue and sell at its option, and the Purchaser agrees to purchase, up to 15 shares of the Company's Series B Preferred Stock at a subsequent date, provided that the date cannot occur earlier than November 1, 2010. If the conditions have not fulfilled prior to June 30, 2011, the Purchaser shall have no obligation to purchase any securities from the Company.

Note 12: Stock Options and Warrants

The Company accounts for employee stock-based compensation in accordance with the guidance of ASC Topic 718: Compensation – Stock Compensation, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values.

The Company follows ASC Topic 505-50, formerly EITF 96-18, "Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods and Services," for stock options and warrants issued to consultants and other non-employees. In accordance with ASC Topic 505-50, these stock options and warrants issued as compensation for services provided to the Company are accounted for based upon the fair value of the services provided or the estimated fair market value of the option or warrant, whichever can be more clearly determined. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital over the period during which services are rendered.

The Company issued 300,000 stock warrants in connection with non-employee services. The Company also issued 750,000 options as part of employment agreements with various employees. The Company has accounted for these warrants as equity instruments in accordance with EITF 00-19 (ASC 815-40), Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, and as such, will be classified in stockholders' equity as they meet the definition of "...indexed to the issuer's stock" in EITF 01-06 (ASC 815-40) The Meaning of Indexed to a Company's Own Stock. The Company has estimated the fair value of the options and warrants issued in connection with the non-employee services at \$618,031, and the employment agreements at \$1,321,226, as of December 31, 2009 using the Black-Scholes option pricing model.

The fair value of each option and warrant granted in 2009 is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 44% to 233%, risk-free interest rate of .04% to .15% and expected life of 60 months.

During the year ended December 31, 2009, the Company exchanged 173,000 common stock warrants with an exercise price of \$1 and 108,908 common stock warrants with an exercise price of \$2, for 365,908 shares of common stock in a cashless exchange. This exchange has been reflected in the Stockholders' equity for 2009.

On January 6, 2010, the Company issued 25,000 stock warrants for services to a consultant with an exercise price of \$0.35. The warrants were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 259%, risk-free interest rate of 2.6% and expected life of 60 months. The Company recognized consulting expense of \$57,425.

On June 4, 2010, the Company issued 3,000,000 stock warrants in connection with the preferred stock issuance with an exercise price of \$3.00. The warrants were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 260%, risk-free interest rate of 2.65% and expected life of 84 months. The Company recorded the stock warrants valued at \$5,096,472 in an equity transaction.

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OPTIMIZER_x CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 12: Stock Options and Warrants (continued)

On July 1, 2010, the Company issued 100,000 stock warrants for services to a consultant with an exercise price of \$2.50. The warrants were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 241%, risk-free interest rate of 1.26% and expected life of 60 months. The Company recognized consulting expense of \$129,000.

On October 5, 2010, the Company issued 1,000,000 stock warrants and 1,000,000 contingent stock warrants in connection with the Company's debt financing with an exercise price of \$2.25. The warrants were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 241%, risk-free interest rate of 1.83% and expected life of 84 months. The non-contingent warrants were valued at \$1,007,992 with \$1,000,000 recorded as debt discount and \$7,992 recorded as interest expense in the current period. The company analyzed the assumptions associated with the contingent warrants and determined that the performance objectives were not likely to occur in 2011. Therefore, no value was recorded for the contingent warrants. The Company recorded \$83,333 of the debt discount as interest expense in 2010 with the remaining balance of \$916,667 to be amortized over the remaining term of the loan. See Note 9.

On April 26, 2010, the Company issued 200,000 stock options to acquire from an officer and shareholder the technical contributions and assignment of all exclusive rights to and for the SampleMD patent currently in process in exchange for 300,000 shares of common stock to be granted at the discretion of the seller in addition to 200,000 stock options with an exercise price of \$1.81. The options were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 262%, risk-free interest rate of 2.54% and expected life of 60 months. The Company capitalized \$360,000 as patent rights for these options.

On October 1, 2010, the Company issued 25,000 stock options to an employee with a vesting period of one year and an exercise price of \$1.21. The options were valued on the grant date using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%, expected volatility of 241%, risk-free interest rate of 1.26% and expected life of 60 months. The Company recognized share-based compensation expense of \$6,203 during the year ended December 31, 2010 with the remaining balance of \$18,610 to be recognized in 2011.

Note 13: Commitments and Contingencies

The Company leases their offices for \$2,500 a month on a month-to-month rental.

Note 14: Related Party Transactions

The Company had a note payable to an officer of the Company for \$4,000 at December 31, 2008 that was repaid along with all accrued interest during the year ended December 31, 2009.

During the year ended December 31, 2010, the Company acquired from an officer and shareholder the technical contributions and assignment of all exclusive rights to and for the SampleMD patent currently in process in exchange for 300,000 shares of common stock to be granted at the discretion of the seller in addition to 200,000 stock options valued at \$360,000. The shares were valued on the grant date at \$570,000 and have been recorded as a payable to the related party. See Note 6, 11 and 13.

Note 15: Major Customers

The Company has two major customers that accounted for approximately 55% of revenues for the years ended December 31, 2010. The Company expects to continue to maintain these relationships with the customers.

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OPTIMIZER_x CORPORATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2010

Note 16: Income Taxes

For the year ended December 31, 2010, the Company incurred a net loss of approximately \$2,009,000 and therefore has no tax liability. The Company began operations in 2007 and has previous net operating loss carry-forwards of \$9,350,000 through December 31, 2009. The cumulative loss of approximately \$11,359,000 will be carried forward and can be used through the year 2030 to offset future taxable income. In the future, the cumulative net operating loss carry-forward for income tax purposes may differ from the cumulative financial statement loss due to timing differences between book and tax reporting.

The provision for Federal income tax consists of the following at December 31:

| | | |
|---|------------|--------------|
| Federal income tax benefit attributable to: | | |
| | 2010 | 2009 |
| Current operations | \$ 683,000 | \$ 1,666,000 |
| Less: valuation allowance | (683,000) | (1,666,000) |
| Net provision for Federal income tax | \$ 0 | \$ 0 |

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows as of December 31:

| | | |
|-------------------------------------|--------------|--------------|
| | 2010 | 2009 |
| Deferred tax asset attributable to: | | |
| Net operating loss carryover | \$ 3,862,000 | \$ 3,179,000 |
| Less: valuation allowance | (3,862,000) | (3,179,000) |
| Net deferred tax asset | \$ 0 | \$ 0 |

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately \$11,359,000 for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur net operating loss carry forwards may be limited as to use in future years.

Note 17: Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has sustained substantial losses since inception.

In view of this matter, the ability of the Company to continue as a going concern is dependent upon growth of revenues and the ability of the Company to raise additional capital. Management believes that its successful ability to raise capital and increases in revenues will provide the opportunity for the Company to continue as a going concern.

Note 18: Subsequent Events

In accordance with SFAS 165 (ASC 855-10) the Company has analyzed its operations subsequent to December 31, 2010 to March 25, 2011, the date these financial statements were issued, and have determined that it does not have any material subsequent events to disclose in these financial statements.

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Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

No events occurred requiring disclosure under Item 307 and 308 of Regulation S-K during the fiscal year ending December 31, 2010.

Item 9A(T). Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Securities Exchange Act of 1934 (the “Exchange Act”) is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer and treasurer, as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our chief executive officer and chief financial officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2010. Based on their evaluation, they concluded that our disclosure controls and procedures were effective.

Management is responsible for establishing and maintaining adequate internal control over our financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Our internal control over financial reporting is a process designed by, or under the supervision of, our chief executive officer and chief financial officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorization of our board of directors and management; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Under the supervision and with the participation of our management, including our chief executive officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on this evaluation under the criteria established in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2010.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management’s report in this annual report.

During the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting that has materially affected or is reasonably likely to materially affect, our internal control over financial

reporting.

Item 9B. Other Information

None

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following information sets forth the names, ages, and positions of our current directors and executive officers as of December 31, 2010.

| Name | Age | Position(s) and Office(s) Held |
|---------------------|-----|--|
| David Lester | 53 | President, Chief Executive Officer, Secretary and Director |
| David A. Harrell | 45 | Chairman and Director |
| Terence J. Hamilton | 45 | Director and VP of Sales |
| Shad Shastney | 42 | Director |

Set forth below is a brief description of the background and business experience of each of our current executive officers and directors.

David Lester

Mr. Lester is a business veteran whom has accumulated over thirty years of executive experience in the areas of business, marketing, sales, operations, technology, and leadership. Prior to accepting his new role with us, Mr. Lester held the title of Director, Consumer & Industrial Products Marketing for Deloitte LLP. During his tenure at Deloitte, he established Deloitte as a leader through innovative programs and strategic partnerships. Prior to Deloitte, he worked with Sun Microsystems as Director, Industry Strategy & Marketing, and Manufacturing Industries.

David Lester has worked with Governor Tommy Thompson, former Secretary of Health & Human Services, on health care reform and cost control; partnered with Governor Tom Ridge, former head of Homeland Security on defending cyber security initiatives; and as a active participant within the National Association of Manufacturers and the Manufacturing Institute worked with former Michigan Governor John Engler, now President of the National Association of Manufacturers, on challenges inhibiting the competitiveness of manufacturers like health care reform, trade policy, renewable energy, business tax reform, and sustainability.

David A. Harrell

Mr. Harrell founded the Company in January of 2006 and has served as our President and Chief Executive Officer. He became a director when the Company changed from a limited liability to a corporation in 2007. Mr. Harrell was the Vice President of Development for Meridian Incorporated from 2003-2005 and, prior to that, had been Vice President of Sales and Marketing since 1999 at Advance Graphic Systems. Mr. Harrell has spent two decades leading sales, marketing and business development units within the pharmaceutical and national retail industries. Prior to his work at Advance Graphic Systems, Mr. Harrell served for ten years at SmithKline Beecham, specializing in the managed markets healthcare segment. As part of the Integrated Health Division, Mr. Harrell was responsible for contracting and achieving regional revenue growth for SmithKline Beecham's four business units: Pharmaceuticals, Consumer Health, Clinical Labs and Diversified Pharmaceutical Services (PBM). During his tenure with SmithKline Beecham, he was a recipient of numerous national awards and served as a member of the Division's Strategic Planning Committee. Mr. Harrell graduated from Oakland University with a Bachelor of Science in Business Administration.

Terence J. Hamilton

Mr. Hamilton joined the Company as a Director and VP of Sales in February 2008. Prior to that, Mr. Hamilton was Manager at MedImmune since 2005 and was Senior National Account Manager for Glaxo SmithKline pharmaceuticals for 13 years prior to that. Mr. Hamilton has spent the last 19 years working in the pharmaceutical and biotech arenas within various sales, marketing and managed markets management positions. He also has held many positions within the pharmaceutical and biotech industries, including District Manager, Brand Manager, Managed Market Specialist, Contract Manager, Government Account Manager.

Shad Shastney

Mr. Stastney is a member of and the chief operating officer for Vicis Capital, LLC, a company he jointly founded in 2004. Mr. Stastney also jointly founded Victus Capital Management LLC in 2001. From 1998 through 2001, Mr. Stastney worked with the corporate equity derivatives origination group of Credit Suisse First Boston, eventually becoming a Director and Head of the Hedging and Monetization Group, a joint venture between derivatives and equity capital markets. In 1997, he joined Credit Suisse First Boston's then-combined convertible/equity derivative origination desk. From 1994 to 1997, he was an associate at the law firm of Cravath, Swaine and Moore in New York, in their tax and corporate groups, focusing on derivatives. He graduated from the University of North Dakota in 1990 with a B.A. in Political Theory and History, and from the Yale Law School in 1994 with a J.D. degree focusing on corporate and tax law.

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Directors

Our bylaws authorize two (2) directors unless changed by the Board of Directors. The board has since changed the number of directors authorized, and we currently have four (4) Directors.

Term of Office

Our Directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

Significant Employees

We have no significant employees other than our officers and directors.

Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past ten years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Audit Committee

We do not have a separately-designated standing audit committee. The entire board of directors performs the functions of an audit committee, but no written charter governs the actions of the board of directors when performing the functions of that would generally be performed by an audit committee. The board of directors approves the selection of our independent accountants and meets and interacts with the independent accountants to discuss issues related to financial reporting. In addition, the board of directors reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants our annual operating results, considers the adequacy of our internal accounting procedures and considers other auditing and accounting matters including fees to be paid to the independent auditor and the performance of the independent auditor.

We do not have an audit committee financial expert because of the size of our company and our board of directors at this time. We believe that we do not require an audit committee financial expert at this time because we retain outside consultants who possess these attributes as needed.

For the fiscal year ending December 31, 2010, the board of directors:

1. Reviewed and discussed the audited financial statements with management, and
2. Reviewed and discussed the written disclosures and the letter from our independent auditors on the matters relating to the auditor's independence.

Based upon the board of directors' review and discussion of the matters above, the board of directors authorized inclusion of the audited financial statements for the year ended December 31, 2010 to be included in this Annual Report on Form 10-K and filed with the Securities and Exchange Commission.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of the Company's equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent beneficial shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To the best of our knowledge based solely on a review of Forms 3, 4, and 5 (and any amendments thereof) received by us, the following persons have failed to file, on a timely basis, the identified reports required by Section 16(a) of the Exchange Act during fiscal year ended December 31, 2010:

| Name and principal position | Number of late reports | Transactions not timely reported | Known failures to file a required form |
|---|------------------------|----------------------------------|--|
| David Lester CEO and Director | 0 | 0 | 0 |
| David A. Harrell Chairman and Director | 0 | 1 | 0 |
| Thomas E. Majerowicz Former Secretary and Director | 0 | 0 | 0 |
| Terence J. Hamilton VP of Sales and Director | 0 | 0 | 0 |
| Shad Shastney Director | 1 | 0 | 0 |

Code of Ethics

As of December 31, 2010, we had not adopted a Code of Ethics for Financial Executives, which would include our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

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Item 11. Executive Compensation

Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to our former or current executive officers for the fiscal years ended December 31, 2010 and 2009.

SUMMARY COMPENSATION TABLE

| Name and principal position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|---|------|-------------|------------|-------------------|--------------------|---|--|-----------------------------|------------|
| David Lester(1) President, CEO and Director | 2009 | 150,000 | - | - | 552,343(2) | - | - | - | 702,343 |
| | 2010 | 164,375 | 11,000 | 32,580 | - | - | - | - | 207,955 |
| Thomas E. Majerowicz Former Secretary | 2009 | - | - | 12,240(2) | - | - | - | - | 12,240 |
| | 2010 | - | - | 30,000 | - | - | - | - | 30,000 |
| Terence J. Hamilton VP of Sales and Director(4) | 2009 | 123,500 | - | - | 461,330(2) | - | - | - | 584,830 |
| | 2010 | 164,375 | 25,500 | 43,440 | - | - | - | - | 233,315 |
| David Harrell, Chairman and Director Former President and CEO(5) | 2009 | 152,000 | 70,000 | - | 307,553(2) | - | - | - | 529,553 |
| | 2010 | 165,640 | 20,500 | 43,440 | 360,000(2) | - | - | - | 589,580 |

Mr. Lester has held office as our Chief Executive Officer since April 1, 2009.

- (2) This amount reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year indicated in accordance with SFAS No. 123R, Share Based Payments of awards of restricted stock and stock options, as applicable.
- (3) Supplement.
- (4) Mr. Hamilton has held office as our VP of Sales since March 1, 2007.
- (5) Mr. Harrell has held office as our Chairman since April 2008.

Narrative Disclosure to the Summary Compensation Table

On April 6, 2009, we entered into an employment agreement with Mr. Lester to serve as our Chief Executive Officer. Under the agreement, we agreed to compensate Mr. Lester \$150,000 annually and we granted him options to

purchase 500,000 shares of our common stock, with 25% vesting immediately and 25% vesting after the completion of each quarter of hire. Mr. Lester is also eligible for additional quarterly and annual bonus compensation, stock options, and stock grants based on performance metrics outlined by our board of directors. He is entitled to vacation and sick days, and other benefits included in the agreement.

On August 1, 2008, we entered into an employment agreement with Mr. Hamilton to serve as our VP of Sales. Under the agreement, we agreed to compensate Mr. Hamilton \$120,000 annually and we granted him options to purchase 150,000 shares of our common stock in 2009. Mr. Hamilton is also eligible for additional quarterly and annual bonus compensation, stock options, and stock grants based on performance metrics outlined by our board of directors. He is entitled to vacation and sick days, and other benefits included in the agreement. On March 18, 2010, we entered into an addendum to the employment agreement to increase his compensation to \$150,000 annually.

On June 1, 2008, we entered into an employment agreement with Mr. Harrell to serve as our CEO. Mr. Harrell is no longer our CEO, but will be our Chairman and we intend to enter into an employment agreement with him in that capacity in the near future. The terms of his compensation as our CEO, which is still in effect, are an annual salary of \$144,000 with a 5% cost of living increase on each 12 month anniversary. Mr. Harrell is also eligible for additional quarterly and annual bonus compensation, stock options, and stock grants based on performance metrics outlined by our board of directors. He is entitled to vacation and sick days, and other benefits included in the agreement. On March 18, 2010, we entered into an addendum to the employment agreement to increase his compensation to \$152,004 annually.

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Outstanding Equity Awards at Fiscal Year-End

The table below summarizes all unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officers as of December 31, 2010.

| Name | OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END OPTION AWARDS | | | | STOCK AWARDS | | | |
|---|---|---|---|---------------------|-----------------|---|---|--|
| | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Exercise Price (\$) | Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Equity Incentive Plan Awards: Market Plan Value of Awards of Number of Shares, Units or Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Unearned Payout Value of Unearned Shares, Units or Rights That Have Not Vested (#) |
| David Lester, President CEO, CFO and Director | 375,000 | | | \$0.35(1) | 10/1/14 | | | |
| Thomas E. Majerowicz Former Secretary | 125,000 | | | \$0.35(1) | 12/22/14 | | | |
| David Harrell, Chairman, Former President and CEO | 100,000 | | | \$1.00 | 3/5/14 | | | |
| Terence J. Hamilton VP of Sales | 200,000 | | | \$1.81 | 4/26/15 | | | |
| | 150,000 | | | \$1.00 | 3/5/14 | | | |

(1) These are warrants that were revalued on October 1, 2009 to \$0.35 per share.

The table below summarizes all compensation of our directors as of December 31, 2010.

DIRECTOR COMPENSATION
Non-Equity Non-Qualified

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| Name | Fees Earned or Paid in Cash (\$) | Stock Awards (\$) | Option Awards (\$) | Incentive Plan Compensation (\$) | Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|------------------|---|-------------------------|--------------------------|---|--|--------------------------------------|---------------|
| Shad Shastney | 7,200 | - | - | - | - | - | - |

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related

The following table sets forth certain information known to us with respect to the beneficial ownership of our Common Stock as of December 31, 2010, by (1) all persons who are beneficial owners of 5% or more of our voting securities, (2) each director, (3) each executive officer, and (4) all directors and executive officers as a group. The information regarding beneficial ownership of our common stock has been presented in accordance with the rules of the Securities and Exchange Commission. Under these rules, a person may be deemed to beneficially own any shares of capital stock as to which such person, directly or indirectly, has or shares voting power or investment power, and to beneficially own any shares of our capital stock as to which such person has the right to acquire voting or investment power within 60 days through the exercise of any stock option or other right. The percentage of beneficial ownership as to any person as of a particular date is calculated by dividing (a) (i) the number of shares beneficially owned by such person plus (ii) the number of shares as to which such person has the right to acquire voting or investment power within 60 days by (b) the total number of shares outstanding as of such date, plus any shares that such person has the right to acquire from us within 60 days. Including those shares in the tables does not, however, constitute an admission that the named stockholder is a direct or indirect beneficial owner of those shares. Unless otherwise indicated, each person or entity named in the table has sole voting power and investment power (or shares that power with that person's spouse) with respect to all shares of capital stock listed as owned by that person or entity.

Except as otherwise indicated, all shares are owned directly and the percentage shown is based on 13,606,676 shares of common stock issued and outstanding on December 31, 2010. Except as otherwise indicated, the address of each person named in this table is c/o OptimizeRx Corporation, 407 Sixth Street, Rochester, MI 48307.

| Title of class | Name and address of beneficial owner | Amount of beneficial ownership | Percent of class |
|--|--------------------------------------|--------------------------------|------------------|
| Executive Officers & Directors: | | | |
| Common | David Lester(1) | 518,000 shares | 3.67% |
| Common | David A. Harrell(2) | 3,436,250 shares | 27.70% |
| Common | Terence J. Hamilton(3) | 619,500 shares | 4.50% |
| Common | Shad Shastney | 0 shares | 0% |
| Total of All Directors and Executive Officers: | | 4,573,750 shares | 31.42% |
| More Than 5% Beneficial Owners: | | | |
| Common | Cypress Trust(4) | 1,150,000 shares | 8.45% |
| Common | Vicis Capital Master Fund(5) | 9,910,520 shares | 42.89% |

- (1) Includes 18,000 shares held in his name and warrants to purchase 500,000 shares of common stock at a price of \$0.35 per share.
- (2) Includes 3,136,250 shares held in his name, options to purchase 100,000 shares of common stock at a price of \$1.00 per share, and options to purchase 200,000 shares of common stock at \$1.81 per share.
- (3) Includes 469,500 shares held in his name and options to purchase 150,000 shares of common stock at a price of \$1.00 per share.
- (4) Linwood C. Meehan III has voting and dispositive control over the shares held by Cypress Trust, which is located at 13750 W. Colonial Dr., Ste. 250-317, Winter Garden, Florida 34787.
- (5) Chris Phillips holds investment and dispositive power of the shares held by Vicis Capital Master Fund. Shares beneficially owned represent an aggregate of 9,910,520 shares of Common Stock, consisting of (i) 410,520 shares held; (ii) 3,500,000 shares issuable upon

the conversion of the Series A Preferred Stock; and (iii) 6,000,000 shares issuable upon the exercise of the Series A Warrants. The selling stockholder has informed us that it is not a broker-dealer or affiliate of a broker-dealer.

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Item 13. Certain Relationships and Related Transactions, and Director Independence

Except as follows, none of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction since the beginning of our last fiscal year on January 1, 2009 or in any presently proposed transaction which, in either case, has or will materially affect us.

§ Please refer to the section titled Executive Compensation.

§ We engaged David Harrell for management services under a contract that paid him \$48,000 for the period ended April 30, 2008 and \$114,500 for the year ended December 31, 2008. Mr. Harrell became an employee of our company beginning on June 1, 2008.

§ Upon the transfer of the assets and liabilities from the Optimizer Systems, LLC to OptimizeRx Corporation, the LLC members were issued promissory notes totaling \$253,750 under a dilution agreement for a portion of their interests in Optimizer Systems, LLC, except for David Harrell, our director. Under the exchange agreement, dated April 8, 2008, Mr. Harrell is entitled to the same benefits other LLC members received, only against our company in exchange for waiving his anti-dilution rights.

§ There was a note to David Harrell for \$4,000 and \$24,000 at December 31, 2008 and 2007, respectively.

Item 14. Principal Accounting Fees and Services

Below is the table of Audit Fees (amounts in US\$) billed by our auditor in connection with the audit of the Company's annual financial statements for the years ended:

| Financial Statements for the Year Ended December 31 | Audit Services | Audit Related Fees | Tax Fees | Other Fees |
|---|----------------|--------------------|----------|------------|
| 2009 | \$23,981 | \$0 | \$0 | \$0 |
| 2010 | \$24,650 | \$0 | \$0 | \$0 |

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PART IV

Item 15. Exhibits, Financial Statements Schedules

(a) Financial Statements and Schedules

The following financial statements and schedules listed below are included in this Form 10-K.
Financial Statements (See Item 8)

(b) Exhibits

Exhibit

Number Description

| | |
|-------------|---|
| 3.1 | Articles of Incorporation of OptimizeRx Corporation (the “Company”)1. |
| 3.2 | Amended and Restated Bylaws of the Company1. |
| 3.3 | Certificate of Designation, filed on September 5, 2008, with the Secretary of State of the State of Nevada by the Company1. |
| 21.1 | List of Subsidiaries1 |
| <u>23.1</u> | <u>Consent of Independent Registered Public Accounting Firm</u> |
| <u>31.1</u> | <u>Section 302 Certification of Principal Executive Officer</u> |
| <u>32.2</u> | <u>Section 302 Certification of Principal Financial Officer</u> |
| <u>32.1</u> | <u>Section 906 Certification of Principal Executive Officer and Principal Financial Officer</u> |

1Incorporated by reference to the Form S-1, filed by the Company with the Securities and Exchange Commission on November 12, 2008.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OptimizeRx Corporation

By: /s/ David Lester

David Lester

Chief Executive Officer, Principal Executive Officer,

Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Director

March 31, 2011

In accordance with Section 13 or 15(d) of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

By:

/s/ David Harrell

David Harrell

Director

March 31, 2011

By:

/s/ Terence J. Hamilton

Terence J. Hamilton

Director

March 31, 2011

By:

/s/ Shad Shastney

Shad Shastney

Director

March 31, 2011