OptimizeRx Corp
Form 10-K
March 30, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended **December 31, 2011**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **000-53605**

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

Nevada	**26-1265381**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

400 Water Street, Ste. 200

Rochester, MI	**48307**
(Address of principal executive offices)	(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

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

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 [X]**

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 [X] 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 [X]**

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 [X]**

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 [X]

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

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. **$15,368,178**

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. **14,192,496 as of February 15, 2012.**

Table of Contents

TABLE OF CONTENTS

		Page
PART I		
Item 1.	Business	3
Item 1A.	Risk Factors	9
Item 1B.	Unresolved Staff Comments	9
Item 2.	Properties	9
Item 3.	Legal Proceedings	9
Item 4.	Mine Safety Disclosures	9
PART II		
Item 5.	Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities	10
Item 6.	Selected Financial Data	12
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	15
Item 8.	Financial Statements and Supplementary Data	15
Item 9.	Changes In and Disagreements With Accountants on Accounting and Financial Disclosure	16
Item 9A(T).	Controls and Procedures	16
Item 9B.	Other Information	16
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	17
Item 11.	Executive Compensation	20
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	22
Item 13.	Certain Relationships and Related Transactions, and Director Independence	23
Item 14.	Principal Accountant Fees and Services	23
PART IV		
Item 15.	Exhibits, Financial Statement Schedules	23

Table of Contents

PART I

Item 1. Business

Company Overview

Throughout industry and economic discussions we often hear the catch phrase, “The Perfect Storm,” but none is as prevalent as the transitional business climate between healthcare providers and pharmaceutical manufacturers. The year 2011 has seen greater pressures on health care providers to increase both the volume and value of the services they provide to their patients—with fewer resources.

This cumulates with their high focus and scrutiny of ways to reduce their drug costs, primarily through decreased utilization of branded medications when a generic alternative is available. To do this, health systems have restricted pharmaceutical manufacturers’ access to their doctors and no longer accepting drug samples, along with passing more of the cost of branded medication to patients through increased co-pays. Through electronic prescribing (ePrescribing), health systems now have a way of informing physicians of the coverage differential every time they look up a medication to prescribe. ePrescribing now represents over 450 million prescription that are sent directly to pharmacies and is projected to grow to 2 billion by 2016 due to government incentives and rapid adaption.

In turn, these increased pressures and the lack of access pharmaceutical representatives have to doctors have left pharmaceutical manufacturers in need of a new solutions to bridge the gap in promoting their drugs value. Additionally, they’re co-pay and sample vouchers, which increase the likelihood that a patient can better afford to start and stay on their medications, has been difficult to distribute to the doctors and patients needing their help.

Thus, OptimizeRx Corp., through its SampleMD™ electronic patient savings and support technology, is poised to provide great impact to each stakeholder by automatically added a savings eCoupon and patient support right within the electronic prescription process.

For OPTIMIZERx, 2011 continued to be a centered on completing and commercializing our SampleMD™ solution. Early beta testing within targeted healthcare systems provided both a test bed and focus group feedback on utilization and user interface requirements. Additionally, the early roll out of the SampleMD™ engine integrated within the Allscripts, the world’s largest ePrescribing application, showed early signs of great potential, but also exposed some hurdles that needed to be cleared to seamlessly streamline the physician’s workflow and ensure all transactional information is captured. Overall, for both installed applications, desk top and ePrescribing, clinicians were satisfied with the ease and availability of the SampleMD™ solution.

Incorporating the feedback and results we compiled from these early test environments, OPTIMIZERx rolled out our SampleMD™ version 3.0 in the 4th quarter that featured enhanced access to formulary information, a broader search capability and the introduction of our eRep Scheduler, a tool for clinicians and pharmaceutical representatives to establish a rules-based appointment scheduler to set fixed appointments. OPTIMIZERx also continued to optimize the integration between the SampleMD™ solution and multiple ePrescribing and Electronic Medical Record providers. The Allscripts ePrescribing integration continues to show increasing results and clinician adoption while we began integration of our new partner NewCrop. NewCrop is an industry leading electronic prescribing service that has been deployed in over 150 Electronic Medical Record providers and medical networks since 2003.

We also have signed contracts with other ePrescribing platforms that have the potential to triple our reach to over 100,000 physicians in 2012. This clearly position us as the market leader in offering physicians a way to automatically add and electronically distribute co-pay coupons, sample vouchers and patient education to their patients. Likewise, we are uniquely able to offer pharmaceutical manufacturers one platform to manage, promote and report their patient support to physicians- right within their current workflow.

In our 3rd and fourth quarter, we secured additional financing to support our continued growth and the recognized need for additional resources within the technical, sales and administrative disciplines. We used $1,056,876 to pay back the note to Physicians Interactive, with the balance of the funds allocated to be used to support the acquisition of additional resources needed to support our growth.

Table of Contents

In addition to hiring a new Vice President of Eastern Sales we increased our Sales/Marketing staff to assist with supporting the sales organization and begin to build out and coordinate our brand marketing and awareness programs. We have focused on driving our market message and gained significant exposure while participating in the Allscripts User Conference in August of 2011. With some 3500 plus attendees, we gained valuable exposure to health systems and pharmaceutical manufacturers. Additionally, we participated within the HIMMS health care technology conference, the Marcus Evan Executive Marketing roundtable and launched an Ad campaign surrounding our SampleMD™ solution and its benefits to the health care provider advertising in Pharmaceutical Executive Magazine. We also initiated a number of email marketing campaigns as well as initiating a SampleMD™ newsletter. It is our intent to continue to drive market awareness, secure additional sales, align with additional channel partners, and to acquire the necessary resources to support our continued growth.

For our year to date performance, OPTIMIZERx generated revenue post launch of the SampleMD™ initiative of $1.11 Million from agreements that represent thirteen (13) major pharmaceutical manufacturers, forty six (46) brands and sixty (60) offerings distributed via our heath system widgets and integrated ePrescribing channel partners. Eliminating non-cash expenses, these efforts have resulted in great operational improvements, cost controls, and substantially reducing the net loss year over year. The sales cycle and medical/legal review is substantially longer than anticipated based introducing new marketing technology within the highly regulated pharmaceutical industry.

However, we have streamlined this process within key organizations that now recognize and approve the marketing process of SampleMD. Our pipeline and opportunities continue to grow and anticipate significant acceleration of revenue within the 2nd half of 2012.

Principal Products and Applications

- SampleMD - Today, almost 60% 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 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. We are also developing phone applications which will allow consumers to use right when they are in their pharmacies.

Table of Contents

Marketing and Sales

OPTIMIZERx continued to extend its marketing efforts to build both brand and capabilities awareness to the market. As mentioned above, we actively participated in industry and partner events such as exlPharma and the ACE – Allscripts Users Conference. During the course of the year, OPTIMIZERx also initiated and delivered successful email marketing campaigns as well as successful public relations and press release communications initiatives. OPTIMIZERx has enlisted a successful advertising campaign through Pharma Exec magazine that netted several responses and qualified leads.

OPTIMIZERx plans to continue these efforts and with our marketing partners, we intend to continue to promote OPTIMIZERx and SampleMD primarily through the following:

Industry and Partner event

· Email Comapigns

Internet Marketing
· Public Relations Campaigns
· Physician Offices
· Direct to Consumer Marketing
· Trade Media Advertising
· Pharmacy Partners
· Physician Organizations and Associations
· Strategic Relationships

OPTIMIZERx has also positioned a Vice President of Eastern Sales located in Philadelphia, PA. We continue to look to secure key sales executives to support the growth targets of the organization through efforts in direct sales, identify and enlist new strategic partners, and build on the existing client base.

Research and Development

OPTIMIZERx is keen on the opinions and input that we gain from all stake holders by which our products and solutions cross. From the prescribing clinicians that utilize our solutions to add value to the patients they serve, to the partners we use to leverage their channels for distribution and promotion of the services, we are able to greatly assist the pharmaceutical manufacturing clients that depend on our solutions to increase their brand awareness and assist patients in need of their offerings. This “Voice of the Stake Holder” is a mantra that we leverage in analyzing industry trends and market shifts and identifying enhancements and new offerings through our SampleMD™ solution. This effort involves all of our officers and directors as part of our continual research development team while monitoring 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 they serve.

This year OPTIMIZERx has added a Director of Technology and Director of Software Development to strengthen our core technical team while further developing our core portfolio products and solutions, and begin development of new solutions offerings to expand our solutions offerings footprint. OPTIMIZERx also continues to work with the Engineering and Information Technology department of Oakland University in Rochester Michigan. As the University has opened the doors of its new medical school, it also brings highly skilled technology and application developers whom posses a solid knowledge of medical industry IT requirements.

OPTIMIZERx continues its commitment 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.

Table of Contents

Competition

Direct to Physician Sampling Environment (SampleMD)

SampleMD has faced little competition as it enters the market offering new innovation that ceased to exist. The biggest of challengers was physicians having physical samples available on site and within their clinics. Physician Interactive , a technology company who provides a web enabled service allowing physician to order physical samples online for delivery to their clinics, was the most prevalent of competitors.

The OptimizeRx.com website continues to 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.

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 ADHERxE 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.

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.

Table of Contents

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

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.

Table of Contents

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 whistle blower 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 HIPPA 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.

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., entered 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, 2011, we had 11 full-time employees and 2 part time / co-op employees in addition to 3 contracted programmers through our established a relationship with Oakland University for technical and programming resources.

Subsidiaries

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

Table of Contents

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 400 Water Street, Suite 200, , Rochester, Michigan, 48307. We have entered into a 3 year lease for this 2,886 square foot facility, with a cost of approximately$5,049.25 per month. We believe that our properties are adequate for our current needs, but growth potential 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 (“Midtwon 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.

On February 10, 2011, we commenced an action against Beringea, LLC (“Beringea”) with the American Arbitration Association (“AAA”) in Oakland County, Michigan. The action is based on a dispute between our company and Beringea surrounding a capital raising agreement that was entered into on October 15, 2009. We have alleged that Beringea has failed to perform under the agreement, misinformed us about “tail” liability, and is wrongfully withholding

funds due to us. We sought $400,000 in damages.

On September 30, 2011 a final arbitration award (the “Award”) was issued by an AAA arbitrator. According to the Award, we are entitled to recover $202,500 from Beringea on the claim of gross negligence, and $88,000 for the costs of enforcing the agreement, including attorneys’ fees and expenses. All other claims sought in the Demand were denied.

On August 18, 2010, we commenced an action against Midtown Partners & Co., LLC (“Midtwon 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 on June 4, 2010.

Midtown Partners removed the action to the United States District Court for the Eastern District of Michigan. On June 30, 2011, we entered into a settlement agreement with Midtown Partners. Under the settlement agreement, we paid Midtown Partners $57,500 and issued the company 100,000 shares of our common stock. As a result of the settlement, the litigation in the Eastern District of Michigan was dismissed.

Item 4. Mine Safety Disclosures

Not applicable.

Table of Contents

PART II

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

Market Information

Our common stock is quoted under the symbol "OPRX" on the OTCBB operated by the Financial Industry Regulatory Authority, Inc. ("FINRA") and the OTCQB operated by OTC Markets Group, Inc. Few market makers continue to participate in the OTCBB system because of high fees charged by FINRA. Consequently, market makers that once quoted our shares on the OTCBB system may no longer be posting a quotation for our shares. As of the date of this report, however, our shares are quoted by several market makers on the OTCQB. The criteria for listing on either the OTCBB or OTCQB are similar and include that we remain current in our SEC reporting. Our reporting is presently current and, since inception, we have filed our SEC reports on time.

Only a limited market exists for our securities. There is no assurance that a regular trading market will develop, or if developed, that it will be sustained. Therefore, a shareholder may be unable to resell his securities in our company.

The following tables set forth the range of high and low prices for our common stock for the each of the periods indicated as reported by the OTCQB. 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, 2011		
Quarter Ended	High $	Low $
December 31, 2011	1.37	0.25
September 30, 2011	1.44	0.21
June 30, 2011	1.08	0.45
March 31, 2011	1.09	0.60

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

On February 15, 2012, the last sales price per share of our common stock was $0.70.

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.

Table of Contents

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 February 15, 2012, we had 14,192,496 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.

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.

Table of Contents

Equity Compensation Plans as of December 31, 2011

Plan Category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights	B Weighted-average exercise price of outstanding options, warrants and right	C 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	13,336,100	2.12	-
Total	13,336,100	2.12	-

Recent Sales of Unregistered Securities

The information set forth below describes our issuance of securities without registration under the Securities Act of 1933, as amended, during the year ended December 31, 2011, that were not previously disclosed in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K:

During the year ended December 31, 2011, 15 preferred shares were issued to Vicis Capital Master Fund 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 1,000,000 shares of common stock at an exercise price of $3 for a period of seven years.

During the year ended December 31, 2011, we issued 475,820 shares of common stock to satisfy $500,000 of preferred dividends to Vicis.

We issued options to purchase 505,000 shares of our common stock to employees at exercise prices of $0.73 and $1.00 per share in 2011.

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.

Table of Contents

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. W 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.

Results of Operations for the Years Ended December 31, 2011 and 2010

Revenues

Our total revenue reported for year ended December 31, 2011 was $1,111,520, an increase from $71,065 from the prior year.

Our increased revenue for the year ended December 31, 2011 as compared with the prior year is a result of the continued viability of our SampleMD solution and the setup and integration fees for pharmaceutical manufacturers whom are participating within this offering.

Operating Expenses

Operating expenses increased to $2,565,497 for the year ended December 31, 2011 from $1,917,297 for the year ended December 31, 2010. Our major expenses for the year ended December 31, 2011 were advertising expenses of $544,071, consulting expenses of $185,174, consulting fees for officers of $187,005, depreciation and amortization of $145,513, employee benefits of $111,694, legal and accounting expenses of $281,262, and payroll expenses of $752,961. Our expenses increased in 2011 as compared with 2010 largely as a result of advertising costs, payroll expenses, depreciation and amortization, officer consulting fees, employee benefits and legal and accounting fees.

Other Income/Expenses

Other expenses were $666,785 for year ended December 31, 2011 an increase from other expenses of $162,793 for same period ended 2010. We had $958,641 in interest expenses in 2011 over only $106,551 in 2010, which mostly accounted for the increase in other expenses.

Net Loss

Net loss for the year ended December 31, 2011 was $2,120,762, compared to net loss of $ $2,009,025 for the year ended December 31, 2010.

Notwithstanding the net loss for the year, we believe that our company is starting to show real signs of improvement. In our fourth quarter 2011, we had revenues of $325,910, as compared to revenues of $12,386 for our fourth quarter 2010. If we were to discount all non-cash expenses for the fourth quarter 2011, our statement of operations would show a modest net income.

Liquidity and Capital Resources

As of December 31, 2011, we had total current assets of $1,550,068 and total assets in the amount of $2,892,487. Our total current liabilities as of December 31, 2011 were $1,303,317. We had working capital of $246,751 as of December 31, 2011.

Table of Contents

Operating activities used $521,509 in cash for the year ended December 31, 2011. Our net loss of $2,120,762 was the primary component of our negative operating cash flow. Investing activities used $239,919 during the year ended December 31, 2011 largely as a result of website development costs. Financing activities provided $442,500 for the year ended December 31, 2011 largely as a result of the sale of our Series B Preferred Stock less payments on a note payable.

On September 16, 2011, we entered into a Securities Purchase Agreement with Vicis for sale of up to 50 shares of our Series B Preferred Stock and warrants to purchase up to 3,333,334 shares of our common stock with an exercise price of $3.00 per share (the “Vicis Warrants”).

We already sold 15 shares of Series B Preferred Stock and a warrant to purchase 1,000,000 shares of our common stock at the above exercise price for $1,500,000. This money was used to pay off a promissory note we had with Physicians Interactive and the balance is for working capital.

Thereafter, a subsequent closing may occur at our option commencing on December 1, 2011 for the sale of an additional 15 shares of Series B Preferred Stock and a warrant to purchase an additional 1,000,000 shares of our common stock for $1,500,000. A final subsequent closing may occur at our option commencing on May 1, 2012 for the sale of an additional 20 shares of Series B Preferred Stock and a warrant to purchase an additional 1,333,334 shares of our common stock for $2,000,000.

Each share of Series B Preferred Stock is convertible at the option of the holder into that number of shares of our common stock equal to the Stated Value ($100,000) divided by a per share price of the common stock of $1.50 per share (the “Conversion Price”). A holder may effect a conversion at any time after the earlier of (a) the time that the Securities and Exchange Commission declares effective a registration statement registering the shares of common stock to be sold by the holder that underlie the shares of Series B Preferred Stock held by such holder (the “Conversion Shares’) and (b) the time such Conversion Shares are eligible for resale by the holder pursuant to Rule 144 of the Securities Act of 1933, as amended, (the “Conversion Eligibility Date”).

If after the Conversion Eligibility Date the market price for the common stock for any ten consecutive trading days exceeds $2.00 (subject to adjustment for reverse and forward stock splits, stock combinations and other similar transactions of the common stock that may occur) and the average daily trading volume for the common stock during such ten day period exceeds 100,000 shares (such period, the “Threshold Period”), the Company may, at any time after the fifth trading day after the end of any such period, deliver a notice to the holder (a “Forced Conversion Notice” and the date such notice is received by the holder, the “Forced Conversion Notice Date”) to cause the holder to immediately convert all and not less than all of the Stated Value of the shares held by such Holder plus accumulated and unpaid dividends at the then current Conversion Price (a “Forced Conversion”). We may only effect a Forced Conversion Notice if all of the conditions specified in the purchase agreement are met through the applicable Threshold Period until the date of the applicable Forced Conversion and through and including the date such shares of common stock are issued to the holder.

The Vicis Warrants are exercisable for a period of seven years at an exercise price of $3.00 per share. The Vicis Warrants are also exercisable on a cashless basis. In addition, the Vicis Warrants are subject to anti-dilution adjustments and protections in the event of stock splits and stock dividends, subsequent equity sales entitling persons to acquire shares of common stock at an effective price per share that is lower than the then exercise price of the warrants and subsequent rights offerings, in the event we issue rights, options or warrant to all holders of common stock and not to the warrant holders, pro rata distributions of assets or indebtedness and fundamental transactions, such as a merger, consolidation or recapitalization. The anti-dilution adjustment shall apply the lowest sale price as being the adjusted option price or conversion ratio for existing shareholders.

Table of Contents

As of December 31, 2011 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) continue with the sale of our Series B Preferred Stock to Vicis; 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.

Off Balance Sheet Arrangements

As of December 31, 2011, there were no off balance sheet arrangements.

Going Concern

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

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

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most “critical accounting polices” 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.

Item 8. Financial Statements and Supplementary Data

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

Audited Financial Statements:

F-1 Report of Independent Registered Public Accounting Firm;
F-2 Consolidated Balance Sheets as of December 31, 2011 and 2010;
F-3 Consolidated Statements of Operations for the years ended December 31, 2011 and 2010;
F-4 Consolidated Statement of Stockholders' Equity as of December 31, 2011;
F-5 Consolidated Statements of Cash Flows for the years ended December 31, 2011 and 2010; and
F-6 Consolidated Notes to Financial Statements.

Table of Contents

Silberstein Ungar, PLLC CPAs and Business Advisors

Phone (248) 203-0080

Fax (248) 281-0940

30600 Telegraph Road, Suite 2175

Bingham Farms, MI 48025-4586

www.sucpas.com

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, 2011 and 2010, 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 Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the 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, 2011 and 2010 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 19 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 19. 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 29, 2012

F-1

Table of Contents

OPTIMIZERx CORPORATION
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2011 AND DECEMBER 31, 2010

ASSETS

	December 31, 2011	December 31, 2010
Current Assets		
Cash and cash equivalents	$959,166	$1,278,094
Accounts receivable	471,870	226,000
Prepaid expenses	119,032	80,051
Debt discount - current portion	-0-	500,000
Total Current Assets	1,550,068	2,084,145
Property and equipment, net	23,931	13,061
Other Assets		
Patent rights, net	847,941	902,647
Website development costs, net	465,498	332,107
Security deposit	5,049	-0-
Debt discount - net of current portion	-0-	416,667
Total Other Assets	1,318,488	1,651,421
TOTAL ASSETS	$2,892,487	$3,748,627
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable - trade	$336,712	$38,409
Accounts payable - related party	570,000	570,000
Accrued expenses	66,000	5,700
Accrued interest	-0-	15,000
Deferred revenue	330,605	225,720
Total Current Liabilities	1,303,317	854,829
Long-Term Liabilities		
Notes payable - investor	-0-	1,000,000
Total Liabilities	1,303,317	1,854,829
Stockholders' Equity		
Common stock, $.001 par value, 500,000,000 shares authorized, 14,192,496 shares issued and outstanding (13,606,676 - 2010)	14,192	13,607
Preferred stock, $.001 par value, 10,000,000 shares authorized, 65 shares issued and outstanding (50 - 2010)	-0-	-0-
Stock warrants	20,826,934	20,281,328

Additional paid-in-capital	5,125,558	3,355,615
Accumulated deficit	(24,377,514)	(21,756,752)
Total Stockholders' Equity	1,589,170	1,893,798
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,892,487	$3,748,627

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

Table of Contents

OPTIMIZERx CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	For the year ended December 31, 2011	For the year ended December 31, 2010
REVENUE		
Sales	$1,111,520	$71,065
TOTAL REVENUE	1,111,520	71,065
EXPENSES		
Operating expenses	2,565,497	1,917,297
TOTAL EXPENSES	2,565,497	1,917,297
LOSS FROM OPERATIONS	(1,453,977)	(1,846,232)
OTHER INCOME (EXPENSE)		
Interest income	1,290	2,842
Other income - lawsuit settlement	290,566	-0-
Interest expense	(958,641)	(106,551)
Impairment	-0-	(59,084)
TOTAL OTHER INCOME (EXPENSE)	(666,785)	(162,793)
LOSS BEFORE PROVISION FOR INCOME TAXES	(2,120,762)	(2,009,025)
PROVISION FOR INCOME TAXES	-0-	-0-
NET LOSS	$(2,120,762)	$(2,009,025)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	13,921,669	13,231,341
NET LOSS PER SHARE: BASIC AND DILUTED	$(0.15)	$(0.15)

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

Table of Contents

OPTIMIZERx CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

AS OF DECEMBER 31, 2011

	Common Stock		Preferred Stock		Stock	Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Warrants	Capital	Deficit	Equity
Balance, January 1, 2010	12,826,117	$12,826	35	$ -0-	$18,139,252	$1,747,962	$(19,047,727)	$852,313
Issuance of common stock:								
for services	161,000	161				200,299		200,460
for preferred dividends	410,520	411				699,589	(700,000)	-0-
to board of directors	66,000	66				130,614		130,680
Issuance of preferred stock			15			1,500,000		1,500,000
Preferred stock issuance costs						(350,000)		(350,000)
Issuance of stock options:								
for patent rights						360,000		360,000
to employees						6,203		6,203
Issuance of stock warrants:								
for services					186,425			186,425
in connection with preferred stock issuance					1,158,900	(1,158,900)		-0-
Issuance of stock warrants and contingent stock warrants in connection with debt financing					1,007,992			1,007,992

Conversion of stock warrants to common stock	68,039	68			(211,241)	219,923		8,750
Outstanding share adjustment	75,000	75				(75)		
Net loss for the year							(2,009,025)	(2,009,025)
Balance, December 31, 2010	13,606,676	13,607	50	-0-	20,281,328	3,355,615	(21,756,752)	1,893,798
Outstanding share adjustment	10,000	10				(10)		-0-
Issuance of common stock: for preferred dividends	475,820	475				499,525	(500,000)	-0-
for settlement	100,000	100				114,900		115,000
equity issuance costs						(172,500)		(172,500)
Issuance of preferred stock and stock warrants			15		644,540	855,460		1,500,000
Issuance of stock options: for consulting						184,149		184,149
to employees						189,485		189,485
Cancellation of stock warrants: for settlement					(98,934)	98,934		-0-
Net loss for the year							(2,120,762)	(2,120,762)
Balance, December 31, 2011	14,192,496	$14,192	65	$ -0-	$20,826,934	$5,125,558	$(24,377,514)	$1,589,170

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

Table of Contents

OPTIMIZERx CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	$(2,120,762)	$(2,009,025)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	145,315	59,931
Impairment of website asset	-0-	59,083
Stock issued for services	83,992	281,140
Stock options issued for compensation	189,485	6,203
Stock options issued for services	100,157	-0-
Stock warrants issued for services	-0-	186,425
Interest related to issuance of warrants	-0-	7,992
Amortization of debt discount	916,667	83,333
Changes in:		
Accounts receivable	(245,870)	(211,535)
Prepaid expenses	(38,981)	(21,959)
Accounts payable	298,303	3,753
Accrued interest	(15,000)	15,000
Accrued expenses	60,300	2,526
Deferred revenue	104,885	225,720
NET CASH USED BY OPERATING ACTIVITIES	(521,509)	(1,311,413)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(13,100)	(1,230)
Payment of security deposit	(5,049)	-0-
Website site development costs	(221,770)	(224,407)
NET CASH USED BY INVESTING ACTIVITIES	(239,919)	(225,637)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Equity issuance costs	(57,500)	-0-
Issuance of common stock	-0-	8,750
Net proceeds from sale of preferred stock	855,460	1,150,000
Issuance of warrants in connection with preferred stock	644,540	-0-
Payments on loan payable	(1,000,000)	-0-
Proceeds from issuance of notes payable	-0-	1,000,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	442,500	2,158,750
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(318,928)	621,700
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	1,278,094	656,394
CASH AND CASH EQUIVALENTS - END OF PERIOD	$959,166	$1,278,094

SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$41,974	$1,793
Cash paid for income taxes	$-0-	$-0-
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued to satisfy dividends related to preferred stock	$500,000	$700,000
Stock options issued in connection with acquisition of patent rights	$-0-	$360,000
Stock warrants issued in connection with preferred stock issuance	$-0-	$1,158,900
Payable to shareholder to be settled in stock issued in connection with acquisition of patent rights	$-0-	$570,000
Debt discount related to warrants issued in connection with debt financing	$-0-	$1,000,000
Common stock issued for settlement of equity issuance costs	$115,000	$-0-

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

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 1 – NATURE OF BUSINESS

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 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 patients.

NOTE 2 – SUMMARY OF 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.

Reclassifications

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

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 2 – SUMMARY OF 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.

Fair Value of Financial Instruments

The fair value of cash, accounts receivable, prepaid expenses, accounts payable, accounts payable – related party, accrued expenses and interest and deferred revenue approximates 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.

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.

Concentration of Credit Risks

The Company maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts; however, amounts in excess of the federally insured limit may be at risk if the bank experiences financial difficulties.

Research and Development

The Company’s key members are part of a continual research 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 it serves.

The Company seeks to educate team members through understanding of all market dynamics that have the potential to affect the business both short term and longer term. The primary goal is to help patients better afford and access the medicines their doctor prescribes, 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 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.

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions have been made in determining the depreciable lives of such assets and the allowance for doubtful accounts receivable. Actual results could differ from these estimates.

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, 2011 and 2010, 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 operations, financial position or cash flow.

NOTE 3 – PREPAID EXPENSES

Prepaid expenses consisted of the following as of December 31, 2011 and 2010:

	2011	2010
Insurance	$5,937	$6,111
Website maintenance	17,500	20,000
Investor relations	0	50,000
Consulting	91,811	0
Employee advances	694	940
Advertising	3,090	3,000
Total prepaid expenses	$119,032	$80,051

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 4 – PROPERTY AND EQUIPMENT

The Company owned equipment recorded at cost which consisted of the following as of December 31, 2011 and 2010:

	2011	2010
Computer equipment	$20,130	$13,824
Furniture and fixtures	11,088	4,293
Subtotal	31,218	18,117
Accumulated depreciation	(7,287)	(5,056)
Property and equipment, net	$23,931	$13,061

Depreciation expense was $2,230 and $1,751 for the years ended December 31, 2011 and 2010, respectively.

NOTE 5 – WEBSITE DEVELOPMENT COSTS

The Company has capitalized costs in developing their website and web-based products, which consisted of the following as of December 31, 2011 and 2010:

	2011	2010
OptimizeRx web development	$154,133	$154,133
SampleMD web development	553,877	332,107
Subtotal, web development costs	708,010	486,240
Accumulated amortization	(183,429)	(95,050)
Impairment	(59,083)	(59,083)
Web development costs, net	$465,498	$332,107

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 began on the straight-line method in January 2011 over the period of five years. Although the Project was completed in mid-December, the Company continues to enhance and upgrade the website. Monthly payments for these upgrades have been capitalized and amortization was started by quarter in 2011. 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 $88,379 and $30,827 for the years ended December 31, 2011 and 2010, 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.

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 6 – PATENT RIGHTS AND INTANGIBLE ASSETS (CONTINUED)

The Company has capitalized costs in purchasing the SampleMD patent, which consisted of the following as of December 31, 2011 and 2010:

	2011	2010
Patent rights and intangible assets	$930,000	$930,000
Accumulated amortization	(82,059)	(27,353)
Patent rights and intangible assets, net	$847,941	$902,647

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 $54,706 and $27,353 for the years ended December 31, 2011 and 2010, respectively.

NOTE 7 – ACCRUED EXPENSES

Accrued expenses consisted of the following as of December 31, 2011 and 2010:

	2011	2010
Accrued payroll taxes	$0	$700
Accrued bonuses	60,000	0
Accrued audit fees	6,000	5,000
Total accrued expenses	$66,000	$5,700

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. Additionally, customer setup contracts that have been paid in full are deferred until the Company has completed the obligations of the contacts. Deferred revenue was $330,605 and $225,720 as of December 31, 2011 and 2010, respectively.

NOTE 9 – NOTE PAYABLE

On October 5, 2010, the Company issued a secured promissory note of $1,000,000 to an investor. The note accrues interest at 6% per annum, compounded on April and October each year and will be paid at the earliest of September 12, 2012 or earlier at the Company's option. 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 December 31, 2010 year. 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 was being amortized over the life of the loan using the straight-line method and charged to interest expense.

On September 16, 2011, the Company entered into a Termination Agreement, in conjunction with a Securities Purchase Agreement with another investor. Under the Termination Agreement, the Company paid off the $1,000,000 promissory note, plus all accrued interest to date. Upon payment of the note, the contingent stock warrants obligation was terminated and the remaining debt discount from the warrant valuation was expensed. See Note 12.

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 10 – COMMON STOCK

OptimizeRx Corporation has 500,000,000 shares of $.001 par value common stock authorized as of December 31, 2011. There were 14,192,496 and 13,606,676 common shares issued and outstanding at December 31, 2011 and December 31, 2010, respectively.

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.

On June 30, 2011, the Company entered into a settlement agreement with Midtown Partners. Under the settlement agreement, the Company will pay Midtown Partners $57,500 and grant 100,000 shares of its common stock. The cost of the settlement has been recorded as equity issuance costs. As a result of the settlement, the litigation in the Eastern District of Michigan was dismissed.

During the year ended December 31, 2011, the Company issued 475,820 shares of common stock to satisfy $500,000 of preferred dividends.

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

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 30 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. On March 25, 2011, the Company’s Board declared and issued 176,768 common shares for its semi-annual dividend payment. On September 21, 2011, the Company's Board declared and issued 156,306 common shares for its semi-annual dividend payment.

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.

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 11 – PREFERRED STOCK (CONTINUED)

Series B Preferred (Continued)

During the quarter ended September 30, 2011, 15 preferred shares were issued to an investor 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 1,000,000 shares of common stock at an exercise price of $3 for a period of seven years. Based on the fair values of the preferred stock and common stock warrants on the issue date, $855,460 was allocated to preferred stock and $644,540 was allocated to the common stock warrants. See Note 12.

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. On March 25, 2011, the Company’s Board declared and issued 75,758 common shares for its semi-annual dividend payment. On September 21, 2011, the Company's Board declared and issued 66,988 common shares for its semi-annual dividend payment.

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.

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.

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 12 – STOCK OPTIONS AND WARRANTS (CONTINUED)

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.

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. During the quarter ended September 30, 2011, these warrants were cancelled as part of a settlement with the consultant.

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 $250,000 and $83,333 of the debt discount as interest expense in the six months ended June 30, 2011 and the year ended December 31, 2010. On September 16, 2011, the Company entered into a Termination Agreement and Release with the investor. As part of the agreement, the 1,000,000 contingent stock warrants were terminated and the remaining debt discount interest from the warrant valuation was expensed. 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. $6,203 has been recognized in the year ended September December 31, 2011.

On April 27, 2011, the Company issued 100,000 stock options to an individual at an exercise price of $0.73. 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 221%, risk-free interest rate of 2.06% and expected life of 60 months. The agreement is for a period of six months. The Company recognized expenses of $83,992 during the year ended December 31, 2011.

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 12 – STOCK OPTIONS AND WARRANTS (CONTINUED)

On May 31, 2011, the Company issued 285,000 stock options to 3 employees at an exercise price of $1.00. 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 218%, risk-free interest rate of 1.68% and expected life of 60 months. The total value of the options was $320,585. The options vest over one year. The Company recognized share-based compensation expense of $187,005 during the year ended December 31, 2011. The remaining balance will be recognized over the following five months.

During the quarter ended September 30, 2011, there was a warrant issued to purchase 1,000,000 shares of common stock at an exercise price of $3 for a period of seven years. In addition, 15 preferred shares were issued to an investor for $1,500,000. The 15 shares are convertible to 1,500,000 shares of common stock and bear a 10% cumulative dividend. Based on the fair values of the preferred stock and common stock warrants on the issue date, $855,460 was allocated to preferred stock and $644,540 was allocated to the common stock warrants. See Note 11.

During the quarter ended December 31, 2011, the Company issued 20,000 stock options to 2 employees at an exercise price of $1.00. 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 204-205%, risk-free interest rate of 0.88-0.93% and expected life of 60 months. The total value of the options was $19,270. The options vest over one year. The Company recognized share-based compensation expense of $2,480 during the year ended December 31, 2011. The remaining balance will be recognized over the following year.

On November 21, 2011, the Company issued 100,000 stock options to an individual at an exercise price of $0.73. 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 205%, risk-free interest rate of 0.92% and expected life of 60 months. The Company recognized expenses of $8,346 during the year ended December 31, 2011. The remaining balance will be recognized over the following year.

NOTE 13 – OPERATING LEASES

The Company signed a lease for new office space on December 1, 2011 at an approximate rent of $5,000 per month. The new offices are in Rochester, Michigan. The lease is for three years with an option to renew for an additional two years at approximately $5,200 per month with six months advance notice to exercise the option.

Minimum annual rent is as follows for the initial term of the lease:

Year ended December 31, 2012	$60,591
2013	60,591
2014	55,542
2015	0
Total lease commitment	$176,724

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 14 – RELATED PARTY TRANSACTIONS

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 Notes 6, 10 and 12.

NOTE 15 – MAJOR CUSTOMERS

The Company had three major customers that accounted for 47% and 60% of the Company's revenues for the years ended December 31, 2011 2010, respectively. The Company expects to continue to maintain these relationships with the customers.

NOTE 16 – INCOME TAXES

For the year ended December 31, 2011, the Company incurred a net loss of approximately $2,120,000 and therefore has no tax liability. The Company began operations in 2007 and has previous net operating loss carry-forwards of $11,359,000 through December 31, 2010. The cumulative loss of $13,479,000 will be carried forward and can be used through the year 2031 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 for the year ended December 31, 2011 and 2010:

	2011	2010

Federal income tax benefit attributable to:		
Current operations	$721,000	$386,000
Valuation allowance	(721,000)	(386,000)
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, 2011 and 2010:

	2011	2010
Deferred tax asset attributable to:		
Net operating loss carryover	$4,583,000	$3,862,000
Valuation allowance	(4,583,000)	(3,862,000)
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 $13,479,000 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.

Table of Contents

OPTIMIZERx CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 17 – OPERATING EXPENSES

Operating expenses consisted of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Advertising	$544,071	$130,060
Professional fees	342,503	267,421
Consulting	185,174	355,928
Salaries, wages and benefits	864,655	676,828
Rent	37,868	30,000
General and administrative	591,226	457,060
Total Operating Expenses	$2,565,497	$1,917,297

NOTE 18 – OTHER INCOME

On February 10, 2011, the Company filed a demand for arbitration (“the Demand”) with the American Arbitration Association (“AAA”) in Oakland County, Michigan based on a dispute between the Company and Beringea surrounding a capital raising agreement that was entered into on October 15, 2009. The Company alleged that Beringea failed to perform under the agreement, misinformed it about “tail” liability, and wrongfully withheld funds due to it. The Company sought $400,000 in damages. On September 30, 2011 a final arbitration award (“the Award”) was issued by an AAA arbitrator. The Company was awarded $202,500 from Beringea on the claim of gross negligence, and $88,000 for the costs of enforcing the agreement, including attorneys’ fees and expenses. All other claims sought in the Demand were denied.

On October 24, 2011, the Company received $233,715 for the award. This represents the $290,500 gross award less attorneys’ fees and expenses. The gross award is included in other income for the year ended December 31, 2011.

NOTE 19 – 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 20 – SUBSEQUENT EVENTS

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

Table of Contents

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, 2011.

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, 2011. 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, 2011.

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

16

Table of Contents

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, 2011.

Name	Age	Position(s) and Office(s) Held
David Lester	54	President, Chief Executive Officer, Secretary and Director
David A. Harrell	46	Chairman and Director
Terence J. Hamilton	46	Director and VP of Sales
Shad Shastney	43	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.

Table of Contents

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.

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.

Table of Contents

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, 2011, 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, 2011 to be included in this Annual Report on Form 10-K and filed with the Securities and Exchange Commission.

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, 2011:

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	0	0
Terence J. Hamilton VP of Sales and Director	0	0	0
Shad Shastney Director	0	0	0
Richard Kraniak 10% Holder	2	0	0

19

Table of Contents

Code of Ethics

As of December 31, 2011, 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.

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, 2011 and 2010.

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]	2011	157,500	-	-	205,287	-	-	-	362,787
President, CEO and Director	2010	164,375	11,000	32,580	-	-	-	-	207,955
Thomas E. Majerowicz	2011	-	-	-	-	-	-	-	-
Former	2010	-	-	30,000	-	-	-	-	30,000
Secretary									
Terence J. Hamilton	2011	157,500	15,000	-	143,420	-	-	31,487	347,407
VP of Sales and Director[4]	2010	164,375	25,500	43,440	-	-	-	-	233,315
David Harrell,									
Chairman and Director	2011	163,390	20,500	-	177,165	-	-	-	361,055
Former President and CEO[5]	2010	165,640	20,500	43,440	360,000[2]	-	-	-	589,580

(1) 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 ASC Topic 718 – Stock Compensation, 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.

Table of Contents

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.

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, 2011.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS					STOCK AWARDS			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not	Market Value of Shares or Units of Stock That Have	Equity Incentive Plan Awards: Number of Unearned Shares, Units or	Equity Incentive Plan Awards: Market or Payout Value of Unearned

	Options (#)			Vested (#)	Not Vested ($)	Other Rights That Have Not Vested (#)	Shares, Units or Other Rights That Have Not Vested (#)
David Lester,	375,000	$0.35[1]	10/1/14				
President CEO,	125,000	$0.35[1]	12/22/14				
CFO and Director	55,000	$1.00	5/31/16				
David Harrell,	100,000	$1.00	3/5/14				
Chairman,	200,000	$1.81	4/26/15				
Former President and CEO	102,500	$1.00	5/31/16				
Terence J. Hamilton	150,000	$1.00	3/5/14				
VP of Sales	127,500	$1.00	5/31/16				

[1] These are warrants that were revalued on October 1, 2009 to $0.35 per share.

Table of Contents

The table below summarizes all compensation of our directors as of December 31, 2011.

DIRECTOR COMPENSATION

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

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 February 15, 2012, 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 14,192,496 shares of common stock issued and outstanding on February 15, 2012. Except as otherwise indicated, the address of each person named in this table is c/o OptimizeRx Corporation, 400 Water Street, Ste. 200, 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)]	573,000 shares	3.88%
Common	David A. Harrell[(2)]	3,538,750 shares	24.24%

Common	Terence J. Hamilton[3]	747,000 shares	5.16%
Common	Shad Shastney	0 shares	0%
Total of All Directors and Executive Officers:		4,858,750 shares	31.49%
More Than 5% Beneficial Owners:			
Common	Cypress Trust[4]	808,999 shares	5.7%
Common	Vicis Capital Master Fund[5]	896,340 shares	6.31%

(1) Includes 18,000 shares held in his name and warrants to purchase 555,000 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 202,500 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 277,500 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) As reported on the Schedule 13D filed by the reporting person.

Table of Contents

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, 2011 or in any presently proposed transaction which, in either case, has or will materially affect us.

Please refer to the section titled Executive Compensation.

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
2011	$24,850	$0	$2400	$0
2010	$24,650	$0	$0	$0

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".)
3.2	Amended and Restated Bylaws of the Company[1].
3.3	Certificate of Designation, filed on September 5, 2008, with the Secretary of State of the State of Nevada by the Company[1].
10.1	Termination Agreement and Release, dated September 16, 2011[2].
10.2	Securities Purchase Agreement, dated September 16, 2011[2].
10.3	Amended and Restated Guarantee Agreement, dated September 16, 2011[2].
10.4	Second Amended and Restated Registration Rights Agreement, dated September 16, 2011[2].
10.5	Third Amended and Restated Security Agreement, dated September 16, 2011[2].
10.6	Third Amended and Restated Guarantor Security Agreement, dated September 16, 2011[2].
21.1	List of Subsidiaries[1]
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

[2] Incorporated by reference to the Form 8-K, filed by the Company with the Securities and Exchange Commission on September 21, 2011.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly 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 30, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, 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
Title: Director
Date: March 30, 2012

By: /s/ Shad Shastney
Shad Shastney
Title: Director
Date: March 30, 2012

By: /s/ Terence J. Hamilton
Terence J. Hamilton
Title: Director
Date: March 30, 2012