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Zacks Small-Cap Research

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OptimizeRx Corp (OPRX-OTC)

OPRX: Q2 Pre-Announcement Numbers Very Strong

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	09/26/2011
Current Price (07/29/13)	$1.84
Target Price	**$3.50**

OUTLOOK

The expectation is that sales should significantly ramp with growth in revenue from voucher printing - which should pick as SampleMD's distribution is further expanded, especially as it relates to Allscripts, DrFirst and NewCrop. The additional functionality and integration into new solutions (such as Patient Advisor and others) should also increase awareness, increase value to the end user, increase the physician base and utilization, help to increase the number of drugs promoted, and expand opportunities for further growth. OPRX's business model is super scalable. OPRX was cash flow positive in Q4 and full-year 2012. Further revenue growth could mean earnings/EPS/cash flow really accelerate.
We are maintaining our Outperform rating.

SUMMARY DATA

52-Week High	**$1.98**
52-Week Low	**$0.89**
One-Year Return (%)	**63.81**
Beta	**-0.33**
Average Daily Volume (sh)	**10,020**
Shares Outstanding (mil)	**14**
Market Capitalization ($mil)	**$24**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**423.6**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2013 Estimate	**26.3**
P/E using 2014 Estimate	**14.2**
Zacks Rank	**N/A**

Risk Level	**N/A**
Type of Stock	**N/A**
Industry	**Comp-Software**

ZACKS ESTIMATES

Revenue
(in '000 of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	329 A	515 A	453 A	751 A	2,049 A
2013	669 A	1103 E	1201 E	1318 E	4,291 E
2014					8,354 E
2015					15,891 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	-$0.02 A	-$0.01 A	-$0.01 A	-$0.01 A	-$0.03 A
2013	-$0.01 A	$0.02 E	$0.03 E	$0.02 E	$0.07 E
2014					$0.13 E
2015					$0.18 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW....

Q2 Pre-announcement

On July 18th OptimizeRx pre-announced expected revenue and net income for the second quarter with the numbers handily beating our estimates and setting all-time records on both the top and bottom lines. OPRX also provided distribution numbers, which at almost 257k were also higher than our estimate (228k).

OPRX expects Q2 revenue and net income of approximately $1.1 million (+114% yoy) and $354k (vs. -76k in Q2 2012), substantially better than our $768k and $22k estimates. $354k in net income should result in EPS of about $0.02 (vs. -$0.01 in Q2 2012), compared to our $0.00 estimate. Revenue continues to ramp nicely on strong growth in coupon distributions and expansion of OPRX's distribution platform. While there still may be some short-term variability, depending on timing/terms/length of couponing programs by OPRX's various pharma partners, the early numbers are very encouraging and continue to suggest that revenue could begin to ramp fairly substantially over the near-to-mid term. Q2 numbers are also highlighting the leverage and scalability in the business model as it looks like OPRX kept operating expenses flat from Q1 while revenue jumped about 65% over the same period.

We have updated our model for the pre-announcement and will do so again when OPRX files their Q2 10-Q (probably ~mid-August). Our current model adjustments mostly impacted near-term estimates. We continue to look for revenue CAGR of 80%+ through 2016. We are maintaining our Outperform rating and $3.50/share price target.

FINANCIAL MODEL

OptimizeRx Corporation

	2012 A	Q1A	Q2E	Q3E	Q4E	2013 E	2014 E	2015 E	2016 E
Revenue	$2,048.7	$669.3	$1,103.0	$1,200.7	$1,318.4	$4,291.4	$8,353.7	$15,891.2	$22,690.2
YOY Growth	*84.3%*	*103.2%*	*114.0%*	*165.0%*	*75.6%*	*109.5%*	*94.7%*	*90.2%*	*42.8%*
SG&A	$2,413.0	$774.2	$751.0	$731.5	$882.5	$3,139.2	$3,851.0	$7,023.9	$8,191.2
% SG&A	*117.8%*	*115.7%*	*68.1%*	*60.9%*	*66.9%*	*60.6%*	*46.1%*	*44.2%*	*36.1%*
Operating Income	($364.3)	($104.9)	$352.0	$469.2	$435.9	$1,152.3	$4,502.6	$8,867.3	$14,499.0
Operating Margin	*-17.8%*	*-15.7%*	*31.9%*	*39.1%*	*33.1%*	*26.9%*	*53.9%*	*55.8%*	*63.9%*
Other income	$0.0	$0.1	$1.0	$1.5	$2.5	$5.1	$75.0	$100.0	$135.0
Pre-Tax Income	($364.3)	($104.8)	$353.0	$470.7	$438.4	$1,157.3	$4,577.6	$8,967.3	$14,634.0
Taxes (benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,422.0	$4,390.2
Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*15.9%*	*30.0%*
Net Income	($364.3)	($104.8)	$353.0	$470.7	$438.4	$1,157.3	$4,577.6	$7,545.3	$10,243.8
Net Margin	*-17.8%*	*-15.7%*	*32.0%*	*39.2%*	*33.3%*	*27.0%*	*54.8%*	*47.5%*	*45.1%*
EPS	($0.03)	($0.01)	$0.02	$0.03	$0.02	$0.07	$0.13	$0.18	$0.22
YOY Growth	-					*-385.9%*	*74.1%*	*41.3%*	*24.0%*
Diluted Shares O/S	14,264	14,232	14,400	16,751	18,015	15,850	36,000	42,000	46,000

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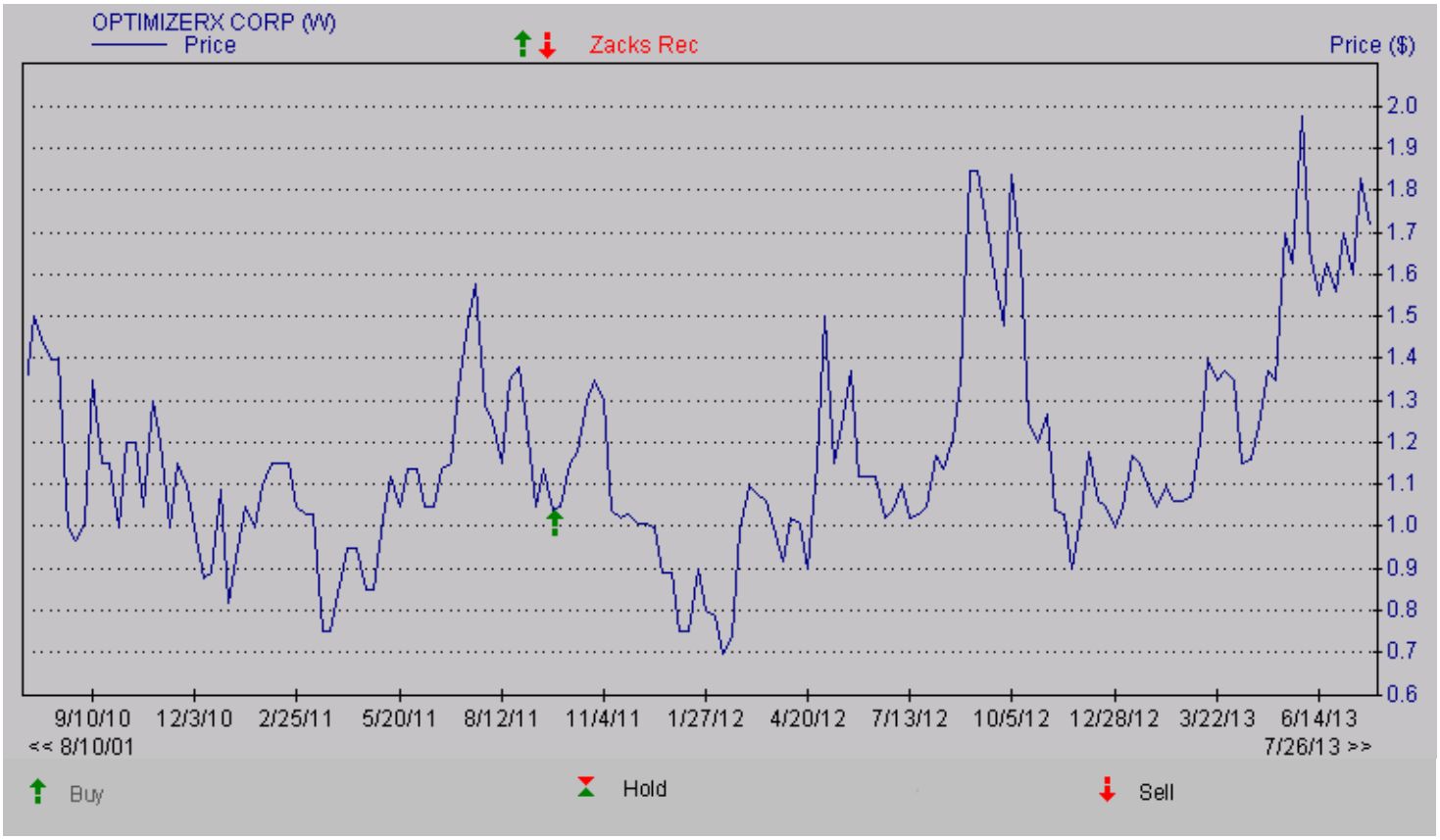

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