

AMHN, Inc.  
Form DEF 14C  
September 12, 2011

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

SCHEDULE 14C  
(Rule 14c-101)

INFORMATION REQUIRED IN INFORMATION STATEMENT  
SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c)  
of the Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary Information Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))  
 Definitive Information Statement

AMHN, INC.  
(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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AMHN, INC.  
10611 N. Hayden Rd., Suite D106  
Scottsdale, AZ 85260  
(888) 245-4168

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INFORMATION STATEMENT PURSUANT TO SECTION 14(C) OF THE  
SECURITIES EXCHANGE ACT OF 1934 AND REGULATION 14C THEREUNDER

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WE ARE NOT ASKING YOU FOR A PROXY  
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

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To the Stockholders of AMHN, Inc.:

NOTICE IS HEREBY GIVEN that the majority shareholder of AMHN, Inc., a Nevada corporation ("AMHN" or the "Company") has consented to take corporate actions by written consent in lieu of a special meeting of stockholders ("Written Consent"). The following corporate actions will be effective on or about twenty (20) days after the mailing of this Information Statement (the "Effective Date"):

- 1) a reverse split of the Company's outstanding shares of Common Stock on a basis of one for one hundred (the "Reverse Split"),
- 2) an amendment to the Company's Articles of Incorporation to increase the number of shares of Common Stock the Company is authorized to issue to 250,000,000,
- 3) an amendment to the Company's Articles of Incorporation to change the Company's name to TherapeuticsMD, Inc., and
- 4) an amendment to the Company's Long Term Incentive Compensation Plan ("LTIP") to increase the authorized shares for issuance thereunder to 25,000,000.

Only stockholders of record at the close of business on July 28, 2011 (the "Record Date") are entitled to notice of these corporate actions. The majority shareholder owning 53.70% of the Company's outstanding shares of Common Stock ("Consenting Stockholder") gave Written Consent to the above corporate actions pursuant to the provisions of Section 78.320 of the Nevada Revised Statutes.

This information statement is being distributed pursuant to Section 14(C) of the Securities Act of 1934 (the "Exchange Act") (the "Information Statement") and is provided to you for information purposes only as it relates to the above corporate actions. The Company does not intend to solicit any proxies or consents from any other stockholders in connection with this action. Your vote is not required to approve these actions, you are not being asked to send a proxy, and you are requested not to send one.

For further information regarding the matters as to which Written Consent was given, I urge you to carefully read the accompanying Information Statement. Additional information about the Company is contained in its current and periodic reports filed with the U. S. Securities and Exchange Commission (the "Commission"). These reports, their accompanying exhibits and other documents filed with the Commission may be inspected without charge at the Public Reference Section of the Commission at 100 F Street NE, Washington, DC 20549. Copies of such materials may also be obtained from the Commission at prescribed rates. The Commission also maintains a website that contains reports, proxy and information statements and other information regarding public companies that file reports with the



Commission. Copies of these reports may be obtained from the Commission's EDGAR archives at <http://www.sec.gov/index.htm>.

Absent any comments from the Commission regarding this Information Statement, we expect these corporate actions to become effective on or after the Effective Date. We expect to mail this Information Statement on or about September 13, 2011 and anticipate that the proposed corporate actions will become effective on or after October 3, 2011.

If you have questions about these proposals or would like additional copies of the Information Statement, you should contact Jeffrey D. Howes, President, AMHN, Inc., 10611 N. Hayden Rd., Suite D106, Scottsdale, AZ 85260; telephone (888) 245-4168.

By order of the Board of Directors,

Jeffrey D. Howes  
President

Scottsdale, Arizona  
September 13, 2011

AMHN, INC.  
10611 N. Hayden Rd., Suite D106  
Scottsdale, AZ 85260  
(888) 245-4168

INFORMATION STATEMENT PURSUANT TO SECTION 14(C) OF THE  
SECURITIES EXCHANGE ACT OF 1934

This information statement is being distributed pursuant to Section 14(C) of the Securities Exchange Act of 1934 (the "Exchange Act") (the "Information Statement") and is being mailed on or about September 13, 2011 to the holders of record at the close of business on July 28, 2011 (the "Record Date") of the outstanding shares of common stock, par value \$0.001 per share (the "Common Stock") of AMHN, Inc., a Nevada corporation ("AMHN, the "Company", "we", "us", or "our"), in connection with corporate actions taken by written consent in lieu of a special meeting of stockholders ("Written Consent") to authorize and approve:

- 1) a reverse split of the Company's outstanding shares of Common Stock on a basis of one for one hundred (the "Reverse Split"),
- 2) an amendment to the Company's Articles of Incorporation to increase the number of shares of Common Stock the Company is authorized to issue to 250,000,000,
- 3) an amendment to the Company's Articles of Incorporation to change the Company's name to TherapeuticsMD, Inc., and
- 4) an amendment to the Company's Long Term Incentive Compensation Plan ("LTIP") to increase the authorized shares for issuance thereunder to 25,000,000.

On July 18, 2011, the Company's sole member of the Board of Directors ("Sole Director") declared the advisability of, and recommended that the Company's stockholders approve the proposed corporate actions as required pursuant the Agreement and Plan of Merger among the Company, VitaMedMD, LLC, a Delaware limited liability company ("VitaMed") and VitaMed Acquisition, LLC, a newly-formed Delaware limited liability company and subsidiary of the Company (the "Merger Agreement"), which Merger Agreement was filed as an exhibit to the Company's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the "Commission") on July 21, 2011 ("Form 8-K") and is incorporated herein by reference.

The Sole Director and majority stockholder owning 53.70% of the Company's outstanding shares of Common Stock (the "Consenting Stockholder"), as outlined herein at Security Ownership of Certain Beneficial Owners and Management, have voted in favor of the above actions. At the close of business on the Record Date, there were 16,575,209 shares of Common Stock issued and outstanding. On the Record Date, the Consenting Stockholder owned an aggregate of 8,900,898 shares of the issued and outstanding shares of the Company which shares are sufficient to take the proposed actions. The Sole Director does not intend to solicit any proxies or consents from any other stockholders in connection with this action.

In connection with the adoption of these corporate actions, the Sole Director elected to seek the written consent of the Consenting Stockholder in order to reduce the costs and implement the corporate actions in a timely manner. As the Consenting Stockholder owns 8,900,898 shares of the Company's Common Stock which represents approximately 53.70% of the Company's voting stock, no vote or proxy is required by the Company's other stockholders to approve the corporate actions described herein.

Section 78.320 of the Nevada Revised Statutes (the "Nevada Law") provides that the written consent of the holders of the outstanding shares of voting stock, having not less than the minimum

number of votes which would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, may be substituted for such a meeting. Pursuant to Nevada Law, a majority of the outstanding voting shares of stock entitled to vote thereon is required in order to effectuate the above corporation actions. In order to eliminate the costs and management time involved in obtaining proxies and in order to effect the above actions as early as possible in order to accomplish the purposes of the Company regarding the Merger Agreement, the Sole Director voted to use, and did in fact obtain, the Written Consent of the Consenting Stockholder who voted in favor of the above corporate actions.

Pursuant to Section 78.370 of the Nevada Law, the Company is required to provide prompt notice to its stockholder of record when corporate action is taken by Written Consent. This Information Statement is therefore intended to provide such notice to the Company's stockholders who have not consented in writing to such action. No dissenters' or appraisal rights under the Nevada Law are afforded to the Company's stockholders because of the approval of the corporate actions.

The entire cost of furnishing this Information Statement will be borne by the Company. We request brokerage houses, nominees, custodians, fiduciaries and other like parties to forward this Information Statement to the beneficial owners of the Company's Common Stock held of record by them and will reimburse such persons for their reasonable charges and expenses in connection therewith.

#### VOTE REQUIRED TO APPROVE THE CORPORATE ACTIONS

At the close of business on the Record Date, there were 16,575,209 shares of the Company's Common Stock outstanding. For the approval of the proposed corporate actions, the affirmative vote of a majority of the shares outstanding and entitled to vote on the Record Date, or at least 8,287,605 shares, was required for approval.

#### CONSENTING STOCKHOLDER

In connection with the adoption of these corporate actions, the Sole Director elected to seek the Written Consent of the Consenting Stockholder in order to reduce the costs and implement the corporate actions in a timely manner. The Consenting Stockholder owns 8,900,898 shares of the Company's outstanding Common Stock which represents approximately 53.70% of the Company's voting stock. As a result, no vote or proxy is required by the Company's other stockholders to approve the corporate actions described herein.

Under Nevada law, we are required to give all stockholders written notice of any actions that are taken by written consent without a stockholder meeting. Under Section 14(C) of the Exchange Act, the corporate actions cannot become effective until 20 days after the mailing date of this Information Statement to our stockholders.

We are not seeking written consent from any of our other stockholders and they will not be given an opportunity to vote with respect to the proposed corporate actions. All necessary corporate approvals have been obtained and this Information Statement is furnished solely for the purposes of (i) advising the stockholders of the action taken by Written Consent of the Consenting Stockholder as required by Nevada Law and (ii) giving stockholders advance notice of the actions taken, as required by the Exchange Act.

Stockholders who were not afforded an opportunity to consent or otherwise vote with respect to the corporate actions have no rights under Nevada Law to dissent or require a vote of all of our stockholders.

## APPROVAL OF REVERSE SPLIT

The Sole Director and Consenting Stockholder approved the aforementioned Reverse Split of the Company's outstanding shares of Common Stock on a basis of one (1) new share for each one hundred (100) existing shares (the "Reverse Split Ratio"). As a result of the Reverse Split, each share of Common Stock outstanding at the Effective Date, will, without any action on the part of the holder thereof, become one one-hundredth share of Common Stock. Based on the number of shares of Common Stock outstanding on the Record Date, the number of shares of Common Stock to be issued and outstanding after the Reverse Split is approximately 165,752.

At the Record Date, the number of capital shares the Company is authorized to issue is 60,000,000 (50,000,000 shares designated as Common Stock and 10,000,000 shares designated as Preferred Stock), both having a par value of \$0.001 per share. The Reverse Split does not affect the number of the Company's authorized shares of Common Stock or Preferred Stock or the respective par value per share; it only reduces the number of shares of Common Stock issued and outstanding after the Reverse Split in accordance with the Reverse Split Ratio.

For purposes of the following discussion regarding the effects of the Reverse Split, the Common Stock as presently constituted is referred to as the "Old Common Stock" and the Common Stock resulting from the Reverse Split is referred to as the "New Common Stock."

### Principal Effects of the Reverse Split

The principal effects of the Reverse Split will be as follows:

Based upon the 16,575,209 shares of Old Common Stock outstanding on the Record Date, the Reverse Split would decrease the number of outstanding shares of Old Common Stock by 99%, and, upon the effectiveness of the Reverse Split approximately 165,752 shares of New Common Stock would be outstanding.

The Company will obtain a new CUSIP number for the New Common Stock which will be activated at the time of the Reverse Split.

Subject to the provisions for elimination of fractional shares, as described below, consummation of the Reverse Split will not result in a change in the relative equity position or voting power of the holders of Old Common Stock.

The Company also intends to increase the number of shares of Common Stock it is authorized to issue by filing an amendment to its articles of incorporation. A discussion on that proposed action is found below.

### Purposes of the Reverse Stock Split

The Reverse Split would decrease the number of shares of Old Common Stock outstanding. As previously described, the Reverse Split is a requirement to the consummation of the Merger Agreement. In preparation for the consummation of the Merger Agreement, the Sole Director and Consenting Stockholder believe that the required and proposed Reverse Split is in the best interest of the Company and its stockholders.

#### Exchange of Certificate Not Required; Elimination of Fractional Share Interests

On the Effective Date, each one hundred shares of Old Common Stock will automatically be combined and changed into one share of New Common Stock. No additional action on the part of the Company or any stockholder will be required in order to affect the Reverse Split. Stockholders will NOT be requested to exchange their certificates representing shares of Old Common Stock held prior to the Reverse Split for new certificates representing shares of New Common Stock.

No fractional shares of New Common Stock will be issued to any stockholder as a result of the Reverse Split. Accordingly, stockholders of record who would otherwise be entitled to receive fractional shares of New Common Stock, will, upon surrender of their certificates representing shares of Old Common Stock, receive in lieu thereof an additional share. As a result of the Reverse Split, holders of less than one hundred shares of Old Common Stock on the Effective Date will no longer be stockholders of the Company.

#### Federal Income Tax Consequences of the Reverse Split

The combination of each one hundred shares of Old Common Stock into one share of New Common Stock should be a tax-free transaction under the Internal Revenue Code of 1986, as amended, and the holding period and tax basis of the Old Common Stock will be transferred to the New Common Stock received in exchange therefor.

Generally, any cash received in lieu of fractional shares is treated as a sale of the fractional shares (although in unusual circumstances such cash might possibly be deemed a dividend), and stockholders will recognize gain or loss based upon the difference between the amount of cash received and the basis in the surrendered fractional share. However, as no fractional shares will be issued, nor will cash be paid in lieu of fractional shares, stockholders will not recognize any gain or loss based on fractional shares.

This discussion should not be considered as tax or investment advice, and the tax consequences of the Reverse Split may not be the same for all stockholders. Stockholders should consult their own tax advisors to know their individual federal, state, local and foreign tax consequences.

#### Approval Required for Reverse Split

The approval of a majority of the outstanding stock entitled to vote is necessary to approve the Reverse Split. The Consenting Stockholder owning approximately 53.70% of the Company's outstanding stock on the Record Date has executed a Written Consent voting those shares in favor of the Reverse Split. The Sole Director does not intend to solicit any proxies or consents from any other stockholders in connection with this action.

#### APPROVAL OF ARTICLES OF AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION

Attached hereto at Exhibit A is the Certificate of Amendment and Restatement to the Articles of Incorporation of the Company to increase in the Company's authorized shares of Common Stock to 250,000,000 and to change the name of the Company to TherapeuticsMD, Inc. The Sole Director and Consenting Stockholder have approved these actions and have consented to these actions being taken.

#### Principal Effects of Increase in Number of Shares of Common Stock Authorized to be Issued

The Company is currently authorized to issue 50,000,000 shares of Common Stock and 10,000,000 shares of Preferred Stock, both having a par value of \$0.001 per share. There are not currently enough shares of Common Stock

available to provide for shares to be issued in connection with the

Merger Agreement or the conversion of promissory notes and the exercise of options and warrants being assumed by the Company relative to the Merger Agreement. The number of authorized shares of Preferred Stock is not affected by this proposal; however, the number of authorized shares of Common Stock will be increased from 50,000,000 to 250,000,000 shares.

The Sole Director and Consenting Stockholder believe that it will benefit the Company's stockholders to have additional shares of Common Stock available for issuance in order that adequate shares are available (i) for issuance of shares pursuant to and in order to consummate the Merger Agreement, (ii) for reserve for future issuance upon the conversion of promissory notes and the exercise of options and warrants being assumed by the Company relative to the Merger Agreement, and (iii) to have additional unreserved shares of Common Stock available for future issuance in order to obtain capital or as consideration for possible future acquisitions or other purposes. Presently, there are no plans, understandings, agreements or arrangements concerning the issuance of additional shares of Common Stock, except for the shares to be issued pursuant to the Merger Agreement and upon the exercise of existing stock options, warrants and other convertible securities.

The authorization of additional shares of Common Stock pursuant to this proposal will have no dilutive effect upon the proportionate voting power of our present stockholders. However, to the extent that such authorized shares are subsequently issued to persons other than our present stockholders, such issuance could have a dilutive effect on the earnings per share and voting power of present stockholders. If such dilutive effect on earnings per share occurs, we expect that any such dilutive effect would be relatively short in duration. As described above, the Company believes that the proposed increase in the number of authorized shares of Common Stock is in the best interest of the Company's stockholders and is necessary to provide the flexibility needed to meet corporate objectives.

The below table shows capitalization of the Company before and after the corporate actions to affect the Reverse Split and increase authorized shares and after the Closing of the proposed VitaMed transaction:

	Before Taking Corporate Actions	After Taking Corporate Actions
Shares of Common Stock Authorized	50,000,000	250,000,000
Shares of Common Stock Issued or Reserved for Issuance	16,575,209	165,752*
Shares of Common Stock Authorized but Not Issued or Reversed for Issuance	33,424,791	249,834,248*
Shares to be Subsequently Issued or Reserved for Issuance pursuant to VitaMed Transaction	0	70,000,000*
Shares of Common Stock Authorized but Not Issued or Reserved for Issuance after VitaMed Transaction	0	179,834,248*

\*As may be subsequently adjusted for the rounding up of fractional shares.

#### Description of Our Common Stock

We are authorized to issue up to 50,000,000 shares of Common Stock, par value \$0.001 per share, which shares are non-assessable. All outstanding shares of our Common Stock are of the same class and have equal rights and attributes. The holders of our Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders of the Company. Our Common Stock does not have cumulative voting rights. Persons who hold a majority of the outstanding shares of our Common Stock entitled to vote on the election of directors can elect all of the directors who are eligible for election. Holders of our Common stock are entitled to share equally in dividends, if any, as may be declared from time to time by our Board of Directors. In the event of liquidation, dissolution or

winding up of the Company, subject to the preferential liquidation rights of any series of preferred stock that we may from time to time designate, the holders of our Common Stock are entitled to share ratably in all of

our assets remaining after payment of all liabilities and preferential liquidation rights. Holders of our Common Stock have no conversion, exchange, sinking fund, redemption or appraisal rights (other than such as may be determined by the Board of Directors in its sole discretion) and have no preemptive rights to subscribe for any of our securities. Upon effectuating the Reverse Split and increase in authorized shares of Common Stock, each share of our Common Stock will still possess the same characteristics as described in this paragraph.

#### Description of Our Preferred Stock

We are currently authorized to issue up to 10,000,000 shares of Preferred Stock, par value \$0.001 per share. Our Articles of Incorporation authorize the issuance of shares of Preferred Stock with designations, rights and preferences determined from time to time by our Board of Directors. Accordingly, our Board of Directors is empowered, without stockholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting, or other rights which could adversely affect the voting power or other rights of the stockholders of the Common Stock. In the event of issuance, the Preferred Stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company. There are no outstanding shares of Preferred Stock and no series of Preferred Stock has been designated by the Company. The proposed Reverse Split and increase in authorized shares of Common Stock has no effect on the Company's ability to designate shares of our Preferred Stock.

#### Change of the Company's Name

In preparation for the closing of the aforementioned Merger Agreement, the Sole Director and Consenting Stockholder believe that a change in the Company's name to one more closely aligned with VitaMed will benefit the Company as the business of VitaMed becomes the primary focus of the Company. Consequently, the Company will change its name to TherapeuticsMD, Inc.

#### Approval Required

The approval of a majority of the outstanding stock entitled to vote is necessary to approve the amendment to the Articles of Incorporation. The Consenting Stockholder owning approximately 53.70% of the Company's outstanding stock on the Record Date has executed a Written Consent voting those shares in favor thereof. The Sole Director does not intend to solicit any proxies or consents from any other stockholders in connection with this action.

#### Expected Effective Date of Amendment to Articles of Incorporation

Under Section 14(C) of the Exchange Act, the corporate actions to be effected by the filing of the amendment to the Articles of Incorporation cannot become effective until twenty (20) days after the mailing date of this Information Statement to our stockholders, or on or about October 3, 2011.

#### PROPOSAL TO INCREASE THE SHARES AUTHORIZED UNDER THE LTIP

The Company currently has in effect the LTIP to provide financial incentives to employees, members of the Board, and advisers and consultants of the Company who are able to contribute towards the creation of or who have created stockholder value by providing them stock options and other stock and cash incentives. The LTIP has 1,500,000 shares authorized for issuance; however, the proposed consummation of the Merger Agreement requires an increase in the authorized shares to be issued under the LTIP to cover the VitaMed options to be assumed by the Company. The Sole Director and the Consenting Stockholder have approved an increase in the number of shares authorized under the LTIP to 25,000,000. Attached hereto at Exhibit B is a copy of the LTIP that includes the revision to increase the authorized shares thereunder to 25,000,000.



### Approval Required

The approval of a majority of the outstanding stock entitled to vote is necessary to approve the increase in shares authorized under the LTIP. The Consenting Stockholder owning approximately 53.70% of the Company's outstanding stock on the Record Date has executed a Written Consent voting those shares in favor of thereof. The Sole Director does not intend to solicit any proxies or consents from any other stockholders in connection with this action.

#### Expected Effective Date of Amendment to LTIP

Under Section 14(C) of the Exchange Act, the proposed corporate actions cannot become effective until twenty (20) days after the mailing date of this Information Statement to our stockholders, or on or about October 3, 2011.

### ACQUISITION OF VITAMEDMD, LLC

Immediately after the effectuation of the proposed corporate actions mentioned herein, and other conditions to closing outlined in the Merger Agreement, the Company intends to close the merger transaction to acquire VitaMed and file a Certificate of Merger with the Delaware Secretary of State (the "Effective Time"). At the Effective Time, all outstanding membership units of VitaMed (the "Units") will be exchanged for shares of the Company's Common Stock. In addition, all outstanding VitaMed options ("Options") and VitaMed warrants ("Warrants") will be exchanged and converted into options and warrants for the purchase of the Company's Common Stock ("Company Options" and "Company Warrants"). All Units, Options and Warrants will be exchanged on a pro-rata basis for shares of the Company's Common Stock which in the aggregate total 70,000,000 shares, resulting in a conversion ratio calculated by the sum of all outstanding Units, Options and Warrants divided by 70,000,000 (the "Conversion Ratio"). Pursuant to the Conversion Ratio, the Company will issue approximately 58,407,312 shares of the Company's Common Stock in exchange for the outstanding Units and reserve for issuance an aggregate of 10,119,776 and 1,472,907 shares issuable upon the exercise of Company Options and Company Warrants, respectively.

After giving effect to the Reverse Split and increase in authorized shares of Common Stock, and taking into consideration the Closing of the Merger Agreement and the issuance of the 58,407,312 shares issued thereunder, the number of shares of the Company's Common Stock to be issued and outstanding will be approximately 58,573,064 of which the members of VitaMed will own approximately 99%.

The aggregated beneficial ownership of the Company's shares of outstanding Common Stock on a fully diluted basis after the closing of the Merger Agreement will be as follows:

- The members who exchange their Units in connection with the Merger Agreement will acquire an aggregate beneficial ownership of ninety-nine percent (99%) of the issued and outstanding shares of Common Stock of the Company; and
- Shareholders beneficially owning 100% of the shares of the Company's Common Stock immediately prior to the closing of the Merger Agreement will be diluted to an aggregate beneficial ownership of one percent (1%) of the issued and outstanding shares of Common Stock of the Company.

All shares of the Company's Common Stock to be issued in exchange for the Units, and to be reserved for issuance upon exercise of the Company Options and Warrants, will be subject to a lock-up agreement for a period of eighteen (18) months from the closing of the Merger Agreement.

The Merger Agreement is not subject to the approval of the Company's stockholders.



VitaMed is a development stage, specialty pharmaceutical company that has created a patent-pending information technology system to market nutritional supplements and medical foods directly to consumers with the recommendation of their physician. VitaMed focuses on creating value by eliminating inefficiencies in the multi-billion dollar prescription and OTC nutrition and medical foods market while leveraging its innovative, patent-pending informational technology platform. By significantly eliminating much of the cost associated with the traditional distribution models, VitaMed offers superior-quality products for a lower overall cost to patients and payors while increasing efficiencies for physicians. VitaMed's information technology system collects and analyzes data designed to improve patient compliance and education, facilitate product development and provide immediate feedback on effectiveness of therapies. The result is increased efficiency and communication between the patient, physician/provider and insurance payor, ultimately creating improved outcomes for all. This combination of simplified distribution and information technology provides measurable customer benefits and is a clear differentiation from existing competitors in the market.

#### VitaMed Financial Information

Attached hereto at Exhibit C and Exhibit D are VitaMed's financial statements for years ended December 31, 2010 and 2009 and for six months ended June 30, 2011, respectively. The information set forth and discussed in this Management's Discussion and Analysis and Plan of Operations is derived from the financial statements and the related notes thereto of VitaMed which are included at Exhibits C and D to this Report. The following information and discussion should be read in conjunction with such Financial Statements and notes.

#### Management's Discussion and Analysis of Financial Condition and Results of Operations of VitaMedMD, LLC

##### General

This section refers to VitaMedMD, LLC, a Delaware limited liability company ("VitaMed"). The following discussion and analysis provides information which VitaMed believes to be relevant to an assessment and understanding of its results of operations and financial condition. This discussion should be read together with VitaMed's financial statements and the notes to the financial statements for the years ended December 31, 2010 and 2009 and six months ended June 30, 2011, which are included herein at Exhibit C and D, respectively, and are included herein by reference. The reported results will not necessarily reflect future results of operations or financial condition.

##### Overview

VitaMed is a limited liability company organized in the State of Delaware on May 13, 2008. A development stage company, VitaMed is a specialty pharmaceutical company that has created a patent-pending information technology system to market nutritional supplements and medical foods directly to consumers with the recommendation of their physician. VitaMed focuses on creating value by eliminating inefficiencies in the multi-billion dollar prescription and OTC nutrition and medical foods market while leveraging its innovative, patent-pending informational technology platform. By significantly eliminating much of the cost associated with the traditional distribution models, VitaMed offers superior-quality products for a lower overall cost to patient and payors while increasing efficiencies for the physician.

VitaMed's information technology system collects and analyzes data designed to improve patient compliance and education, facilitate product development and provide immediate feedback on effectiveness of therapies. The result is increased efficiency and communication between the patient, physician/provider and insurance payor, ultimately creating improved outcomes for all. This combination



of simplified distribution and information technology provides measurable customer benefits and clear differentiation from existing competitors in the market.

VitaMed is currently concentrating on the non-prescription nutrient market place in the area of women's health. VitaMed's current products include prenatal vitamins, iron supplement, calcium supplement, menopause supplement, stretch mark cream and scar guard cream.

#### Results of Operations

The following discussion of VitaMed's financial condition and results of operations should be read in conjunction with its financial statements included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of VitaMed's management. Historical financial information presented for the six months ended June 30, 2011 and the year ended December 31, 2010 is that of VitaMed.

#### Recent Events

On June 1, 2011, VitaMed sold Promissory Notes in the aggregate of \$500,000 with accompanying warrants ("VitaMed Warrants") to purchase an aggregate of 500,000 Units of VitaMed. The Promissory Notes bear interest at the rate of four percent (4%) per annum and are due at the earlier of (i) the six (6) month anniversary of the date hereof and (ii) such time as VitaMed receives the proceeds of a promissory note issued in an amount of not less than \$1,000,000. On July 18, 2011, two of the Promissory Notes in the aggregate of \$200,000 were paid in full and the remaining \$300,000 was extended by mutual agreement until the closing of the merger transaction with AMHN.

Also on July 18, 2011, VitaMed sold two Senior Secured Promissory Notes in the amount of \$500,000 each and also entered into a Security Agreement under which VitaMed pledged all of its assets to secure the obligation. The Secured Promissory Notes bear interest at the rate of six percent (6%) per annum and are due on the earlier of (a) the one (1) year anniversary of the date thereof, and (b) the date that is thirty (30) days after the termination date of the proposed transaction between VitaMed and AMHN, Inc.

#### Material Changes in Financial Condition and Results of Operations

As of June 30, 2011, VitaMed had cash of \$78,255, a decrease of \$344,684 from December 31, 2010. Current liabilities increased \$778,963 to \$1,011,805 at June 30, 2011 from \$232,842 at December 31, 2010, while working capital decreased \$836,879 to \$(10,609) at June 30, 2011 from \$826,270 at December 31, 2010.

#### Results of Operations – Comparison of Six Months Ended June 30, 2011 and 2010

For the six months ended June 30, 2011 and 2010, VitaMed had net revenue totaling \$994,159 and \$468,128, respectively. This improvement of \$526,031 in sales and the corresponding \$260,721 increase in cost of goods sold is a result of the expansion of VitaMed's product line and an increase in sales.

During the six months ended June 30, 2011 and 2010, VitaMed's operating expense totaled \$2,512,174 and \$1,569,923, respectively. This increase of approximately \$942,000 is primarily a result of:

- an increase of approximately \$482,000 in salaries, benefits, commissions, and incentives related to an increase in the management and sales teams;
- an increase of approximately \$33,000 in non-cash compensation related to the issuance of options to purchase Units of VitaMed;
- an increase in professional fees of approximately \$122,000 required by the proposed transaction with AMHN, Inc.;
- an increase in other sales, general and administrative expenses of approximately \$278,000 related to the marketing, advertising, promotions, rent, travel, communications, and vehicle expenses;
- an increase in research and development expenses of \$22,000 related to the testing of current products' stability and packaging; and
  - an increase in depreciation expense of approximately \$5,000 related to the purchase of property and equipment.

Other income (expenses) increased approximately \$40,000 related to the amortization of debt discount associated with certain promissory note issued by VitaMed.

For the six months ended June 30, 2011 and 2010, VitaMed recorded a net loss of \$2,002,599 compared to \$1,285,923 for the same period in 2010, an increase of \$716,676.

#### Results of Operations - Comparison of Years Ended December 31, 2010 and 2009

For the years ended December 31, 2010 and 2009, VitaMed had net revenue totaling \$1,241,921 and \$221,192, respectively. This improvement of \$1,020,729 in sales and the corresponding \$351,293 increase in cost of goods sold is a result of the expansion of VitaMed's product line and an increase in sales.

During the years ended December 31, 2010 and 2009, VitaMed's operating expense totaled \$3,739,144 and \$1,309,356, respectively. This increase of approximately \$2,430,000 is primarily a result of:

- an increase of approximately \$1,279,000 in salaries, benefits, commissions, and incentives related to an increase in the management and sales teams;
  - an increase of approximately \$168,000 in non-cash compensation related to the issuance of options to purchase Units of VitaMed;
- an increase in other sales, general and administrative expenses of approximately \$922,000 related to the marketing, advertising, promotions, rent, travel, communications, and vehicle expenses;
- an increase in research and amortization expenses of \$42,000 related to the testing of current products' stability and packaging; and