

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2012**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File No. **000-16731**

THERAPEUTICSMD, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

(State or Other Jurisdiction of Incorporation or Organization)

87-0233535

(I.R.S. Employer Identification No.)

951 Broken Sound Parkway NW, Suite 320, Boca Raton, FL 33487

(Address of Principal Executive Offices)

(561) 961-1911

(Issuer's Telephone Number)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark 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 preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

The number of shares outstanding of the Issuer's Common Stock as of November 13, 2012 was 99,784,982.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
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THERAPEUTICSMD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	September 30, 2012 (Unaudited)	December 31, 2011
Current Assets:		
Cash	\$ 154,247	\$ 126,421
Accounts receivable, net of allowance for doubtful accounts of \$34,713 and \$1,500, respectively	270,262	26,720
Inventory	955,129	588,073
Other current assets	851,839	496,060
Total current assets	2,231,477	1,237,274
Property and equipment, net	95,066	70,113
Other Assets:		
Prepaid expenses	1,048,952	80,515
Patent costs	107,094	18,870
Security deposit	31,949	31,949
Total other assets	1,187,995	131,334
Total assets	\$ 3,514,538	\$ 1,438,721
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	1,031,053	306,511
Deferred revenue	701,929	—
Notes payable	2,099,220	2,150,000
Notes payable, related parties	150,000	200,000
Accrued interest	16,986	28,321
Other current liabilities	428,378	465,747
Total current liabilities	4,427,566	3,150,579
Long-Term Liabilities:		
Notes payable, net of debt discount of \$1,350,162 and \$0, respectively	3,341,686	—
Accrued interest	79,111	—
Total long-term liabilities	3,420,797	—
Total liabilities	7,848,363	3,150,579
Commitments and Contingencies		
Stockholders' Deficit:		
Preferred stock - par value \$0.001; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock - par value \$0.001; 250,000,000 shares authorized; 99,784,982 and 82,978,804 issued and outstanding, respectively	99,785	82,979
Additional paid in capital	50,310,369	15,198,241
Subscriptions receivable	(8,358,001)	—
Accumulated deficit	(46,385,978)	(16,993,078)
Total stockholder' deficit	(4,333,825)	(1,711,858)
Total liabilities and stockholders' deficit	\$ 3,514,538	\$ 1,438,721

The accompanying footnotes are an integral part of these condensed consolidated financial statements

THERAPEUTICSMD, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues, net	\$ 1,036,456	\$ 539,572	\$ 2,577,298	\$ 1,533,731
Cost of goods sold	<u>306,843</u>	<u>241,688</u>	<u>1,015,337</u>	<u>684,420</u>
Gross profit	<u>729,613</u>	<u>297,884</u>	<u>1,561,961</u>	<u>849,311</u>
Operating expenses:				
Sales, general, and administration	3,291,357	1,633,180	9,691,892	3,818,710
Research and development	1,334,005	95,223	2,579,308	255,953
Depreciation and amortization	14,839	13,711	43,952	41,133
Total operating expense	<u>4,640,201</u>	<u>1,742,114</u>	<u>12,315,152</u>	<u>4,115,796</u>
Operating loss	<u>(3,910,588)</u>	<u>(1,444,230)</u>	<u>(10,753,191)</u>	<u>(3,266,485)</u>
Other income and (expense)				
Miscellaneous income	932	75	2,486	75
Loss on extinguishment of debt	(197,383)	—	(10,505,247)	—
Beneficial conversion feature	—	—	(6,716,504)	—
Amortization of debt discount	(50,099)	(14,360)	(1,159,375)	(17,950)
Interest expense	(84,376)	(16,505)	(225,834)	(16,737)
Loan guaranty costs	(11,745)	(11,745)	(35,235)	(26,414)
Total other income (expense)	<u>(342,671)</u>	<u>(42,535)</u>	<u>(18,639,709)</u>	<u>(61,026)</u>
Loss before taxes	(4,253,259)	(1,486,765)	(29,392,900)	(3,327,511)
Provision for income taxes	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net loss	<u>\$ (4,253,259)</u>	<u>\$ (1,486,765)</u>	<u>\$ (29,392,900)</u>	<u>\$ (3,327,511)</u>
Loss per share, basic and diluted:				
Net loss per share, basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.33)</u>	<u>\$ (0.06)</u>
Weighted average number of common shares outstanding	<u>95,895,677</u>	<u>58,407,327</u>	<u>88,892,757</u>	<u>57,275,797</u>

The accompanying footnotes are an integral part of these condensed consolidated financial statements

THERAPEUTICSMD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (29,392,900)	\$ (3,327,511)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation	43,952	41,133
Provision for doubtful accounts	33,213	—
Loss on debt extinguishment	10,505,247	—
Beneficial conversion feature	6,716,504	—
Amortization of debt discount	1,159,375	17,950
Stock based compensation	1,031,685	152,824
Stock based expense for services	233,093	—
Loan guaranty costs	35,235	26,414
Changes in operating assets and liabilities:		
Accounts receivable	(276,755)	(20,492)
Inventory	(367,056)	(207,179)
Other current assets	302,777	(1,085)
Accounts payable	724,542	138,449
Accrued interest	216,281	872
Deferred revenue	701,929	—
Accrued expenses and other current liabilities	(66,087)	96,636
Net cash flows used in operating activities	<u>(8,398,965)</u>	<u>(3,081,989)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Vendor deposits	(331,702)	(10,081)
Purchase of property and equipment	(68,904)	(28,766)
Patent costs	(88,223)	—
Net cash flows used in investing activities	<u>(488,829)</u>	<u>(38,847)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes and loans payable	8,700,000	1,996,023
Proceeds from exercise of options	190,999	—
Proceeds from sale of common stock	125,001	—
Proceeds from sale of warrants	400	—
Proceeds from sale of membership units	—	707,000
Proceeds from notes payable-related parties	—	151,596
Repayment of notes payable	(50,780)	(2,778)
Repayment of notes payable-related party	(50,000)	—
Net cash flows provided by financing activities	<u>8,915,620</u>	<u>2,851,841</u>
Increase (decrease) in cash	27,826	(268,995)
Cash, beginning of period	126,421	422,939
Cash, end of period	<u>\$ 154,247</u>	<u>\$ 153,944</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 37,087</u>	<u>\$ —</u>
Cash paid for income taxes	<u>\$ —</u>	<u>\$ —</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING ACTIVITIES:		
Warrants exercised in exchange for debt and accrued interest	<u>\$ 3,102,000</u>	<u>\$ —</u>
Warrants issued for financing	<u>\$ 2,509,537</u>	<u>\$ —</u>
Warrants issued for services	<u>\$ 1,532,228</u>	<u>\$ —</u>
Shares issued in exchange for debt and accrued interest	<u>\$ 1,054,658</u>	<u>\$ —</u>
Notes payable issued for accrued interest	<u>\$ 15,123</u>	<u>\$ —</u>

The accompanying footnotes are an integral part of these condensed consolidated financial statements



THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 – THE COMPANY

Nature of Operations

TherapeuticsMD, Inc. ("Therapeutics" or the "Company") has two wholly owned subsidiaries, vitaMedMD, LLC, a Delaware limited liability company incorporated on May 13, 2008 ("VitaMed") and BocaGreenMD, Inc., a Nevada corporation, incorporated on January 10, 2012 ("BocaGreen").

Therapeutics is a specialty pharmaceutical company focused on creating safe and effective therapies exclusively for women, including (i) prenatal and women's multi-vitamins, (ii) iron, calcium and vitamin D supplements, (iii) natural (non-hormonal) menopause relief and (iv) scar reduction creams. The Company also has three hormone replacement therapy ("HRT") drug candidates that have received Investigational New Drug Application ("IND") acceptance by the U.S. Food and Drug Administration ("FDA"). The current product lines of the Company are sold through VitaMed and BocaGreen. We have a national sales force that calls on physicians and pharmacies and markets prescription prenatal vitamins, over-the-counter ("OTC") nutritional supplements and other medical products through pharmacies and our website with the recommendation of physicians by creating a unique value proposition for patients, physician/providers and insurance payors. Our primary objective is to be the sole prenatal vitamin brand recommended by physicians to all their patients by becoming the new standard in prenatal vitamins with a complete line of personal products all under one quality brand.

New Products

The Company filed three Investigational New Drug applications ("INDs") in 2012, all of which have been accepted by the FDA for hormone therapy. These drugs are known as TX12001HR, a combined progestin and estrogen drug candidate, TX12002HR, a progestin only drug candidate and TX12003HR, an estrogen only drug candidate. Since these INDs have been accepted by the FDA, Phase I and III clinical trials may be commenced. The Company anticipates beginning these trials in the near future. Upon completion, the Company may seek FDA approval for these drug candidates.

On November 6, 2012, the Company released three products in its BocaGreen generic prescription line, namely: *BocaGreenMD™ Prena1*, *BocaGreenMD™ Prena1 Plus*, and *BocaGreenMD™ Prena1 Chew*.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. For the nine months ended September 30, 2012, the Company incurred a loss from operations of approximately \$10,753,000, had negative cash flows from operations of approximately \$8,399,000 and had an accumulated deficit of approximately \$46,386,000. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans include raising additional proceeds from debt and equity transactions and to continue to increase its sales and marketing activities, however, there are no assurances that management will be successful in their efforts. The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 2 – BASIS OF PRESENTATION AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Interim Financial Statements

The accompanying unaudited interim condensed consolidated financial statements of Therapeutics have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles ("GAAP") for complete financial statements. In the opinion of management, such financial statements include all adjustments (consisting solely of normal recurring adjustments) necessary for the fair statement of the financial information included herein in accordance with GAAP and the rules and regulations of the Securities and Exchange Commission (the "SEC"). The balance sheet at December 31, 2011 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Results of operations for interim periods are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2011.

Recently Issued and Newly Adopted Accounting Pronouncements

The Company does not expect that the adoption of any recent accounting pronouncements will have a material impact on its condensed consolidated financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, vitaMed and BocaGreen. BocaGreen began operations in November 2012. All material intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

The Company recognizes revenue on arrangements in accordance with ASC 605, "Revenue Recognition". Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed and collectability is reasonably assured.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Over The Counter Products

The Company generates OTC revenue by sales of products primarily to retail consumers. The Company's policy is to recognize revenue from product sales upon shipment, when the rights of ownership and risk of loss have passed to the consumer. Outbound shipping and handling fees are included in sales and are billed upon shipment. Shipping expenses are included in cost of sales. The majority of the Company's sales are paid with credit cards and the Company usually receives the cash settlement in two to three banking days. Credit card sales minimize accounts receivable balances relative to sales. We provide an unconditional thirty-day money-back return policy whereby we accept product returns from our retail and eCommerce customers. The Company's revenue from OTC sales is recognized net of returns, sales discounts, and eCommerce fees.

For the nine months ended September 30, 2012 and 2011, the Company recorded an allowance for returns of \$34,713 and \$0, respectively. The Company estimates the allowance for returns based on historical return activity, which is reviewed, and adjusted if necessary, on a quarterly basis.

Prescription Products

The Company's name brand and generic prescription products are sold primarily through drug wholesalers and retail pharmacies. The Company's revenue from prescription product sales is recognized net of sales discounts and end-user rebates.

The Company accepts returns of unsalable product from customers within a return period of six months prior to and following product expiration. The Company's prescription products currently have a shelf-life of 24 months from date of manufacture. Given the limited history of prescriptions products, the Company currently cannot reliably estimate expected returns of the prescription products at the time of shipment. Accordingly, the Company defers recognition of revenue on prescription products until the right of return no longer exists, which occurs at the earlier of the time the prescription products are dispensed through patient prescriptions or expiration of the right of return. As a result of this policy, the Company has a deferred revenue balance of approximately \$702,000 and \$0 at September 30, 2012 and December 31, 2011, respectively.

The Company maintains various rebate programs in an effort to maintain a competitive position in the marketplace and to promote sales and customer loyalty. The rebate program is designed to enable the end-user to return a coupon to the Company. If the coupon qualifies, the Company sends a rebate check to the end-user. The Company estimates the allowance for rebates based on industry averages, which is reviewed, and adjusted if necessary, on a quarterly basis. For the nine months ended September 30, 2012 and 2011, the Company recorded rebate expense of \$19,915 and \$0, respectively.

Inventories

Inventories represent packaged nutritional products and supplements which are valued at the lower of cost or market using the average cost method. The costs of manufacturing the prescription products associated with the deferred revenue (as discussed in Revenue Recognition) are recorded as deferred costs, which are included in inventory, until such time as the related deferred revenue is recognized.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to contingencies, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

NOTE 4 – INVENTORY

Inventory consists of the following:

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Finished product	\$ 890,196	\$ 588,073
Deferred costs	64,933	-0-
TOTAL INVENTORY	<u>\$ 955,129</u>	<u>\$ 588,073</u>

NOTE 5 – OTHER CURRENT ASSETS

Other current assets consist of the following:

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Prepaid consulting	\$ 449,225	\$ 95,962
Deposits with vendors (Note 15)	331,702	300,503
Prepaid insurance	40,941	52,611
Prepaid guaranty costs	20,575	46,984
Deferred offering costs	8,398	-0-
Other prepaid costs	998	-0-
TOTAL OTHER CURRENT ASSETS	<u>\$ 851,839</u>	<u>\$ 496,060</u>

NOTE 6 – FIXED ASSETS

Fixed assets consist of the following:

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Website	\$ 94,244	\$ 91,743
Equipment	67,669	33,651
Furniture and fixtures	58,605	26,219
	<u>220,518</u>	<u>151,613</u>
Accumulated depreciation	(125,452)	(81,500)
TOTAL FIXED ASSETS	<u>\$ 95,066</u>	<u>\$ 70,113</u>

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 6 – FIXED ASSETS (continued)

Depreciation expense for the nine months ended September 30, 2012 and 2011 was \$43,952 and \$41,133, respectively.

NOTE 7 – OTHER ASSETS

Prepaid expenses consist of the following:

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Prepaid consulting	\$ 1,048,952	\$ 71,689
Prepaid guaranty costs	-0-	8,826
TOTAL OTHER ASSETS	<u>\$ 1,048,952</u>	<u>\$ 80,515</u>

NOTE 8 – OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Accrued payroll and commission	\$ 197,483	\$ 295,915
Accrued vacation	96,124	68,438
Other accrued expenses	93,412	60,035
Dividends payable ⁽¹⁾	41,359	41,359
TOTAL OTHER CURRENT LIABILITIES	<u>\$ 428,378</u>	<u>\$ 465,747</u>

⁽¹⁾ In June 2008, the Company declared and paid a special dividend of \$0.40 per share of common stock to all shareholders of record as of June 10, 2008. This amount reflects moneys remaining unclaimed by certain shareholders.

NOTE 9 – NOTES PAYABLE

Issuance of Promissory Notes

In January and February 2012, the Company sold 6% promissory notes for an aggregate of \$900,000 with due dates of March 1, 2012. As discussed below, these promissory notes were modified on February 24, 2012 through the issuance of secured promissory notes (the “February 2012 Notes”).

In August and September 2012, the Company sold 6% promissory notes for an aggregate of \$1,600,000 due on October 1, 2012, which due date was subsequently extended. The notes were paid in full in October 2012.

In September 2012, the Company sold a 6% promissory note for \$200,000 due on October 15, 2012. The note was paid in full in October 2012.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 9 – NOTES PAYABLE (continued)

Issuance of February 2012 Notes

On February 24, 2012, the Company sold and issued the February 2012 Notes to an individual and an entity (the “Parties”), both of which are shareholders of the Company, in the principal base amount of \$1,358,014 and \$1,357,110 respectively (the “Principal Base Amount(s)”) and granted Warrants for the purchase in the aggregate of 9,000,000 shares of the Company’s Common Stock (4,500,000 to each Party) (the “February 2012 Warrants”) pursuant to the terms of a Note Purchase Agreement (the “Note Purchase Agreement”) also dated February 24, 2012. As consideration for the February 2012 Notes and the February 2012 Warrants, the Company received an aggregate of \$1,000,000 of new funding from the Parties (the “February Funding”) and the Parties surrendered certain promissory notes previously issued by the Company in the amount of \$1,700,000 plus accrued interest of \$15,124 (collectively known as the “Prior Notes”). The Company granted 5,685,300 Warrants in consideration of the modification of the Prior Notes and 3,314,700 Warrants with the February Funding. The Company determined that the resulting modification of the Prior Notes was substantial in accordance with ASC 470-50, “*Modifications and Extinguishments.*” As such the modification was accounted for as an extinguishment and restructuring of the debt, and the 5,685,300 warrants issued were expensed. The fair value of the Prior Notes was estimated by calculating the present value of the future cash flows discounted at a market rate of return for comparable debt instruments to be \$1,517,741, resulting in a debt discount of \$197,384 to be amortized over the term of the February 2012 Notes. As a result of the surrender of the February 2012 Notes on June 19, 2012 (see Issuance of June 2012 Notes below), the Company expensed the remaining unamortized debt discount. As of September 30, 2012, the Company recorded interest expense totaling \$197,384 related to the Prior Notes. The Company recognized a loss on extinguishment of debt of \$10,307,864 which represented the fair value of the 5,685,300 warrants net of the difference between the carrying amount of the Prior Notes and their fair value as of the date of the modification.

The Company determined the relative fair value of the 3,314,700 Warrants granted with the February Funding to be \$859,647 and recorded the amount as debt discount to be amortized over the term of the February 2012 Notes. As a result of the surrender of the February 2012 Notes on June 19, 2012 (see Issuance of June 2012 Notes below), the Company expensed the remaining unamortized debt discount. As of September 30, 2012, the Company recorded amortization of debt discount totaling \$859,647 related to the February 2012 Notes.

Under the February 2012 Notes, the Parties loaned the Company an additional \$2,000,000 during March, April, and May 2012.

On June 19, 2012 the Company settled \$3,102,000 in principle and interest of the February 2012 Notes in exchange for the exercise of 8,145,486 Common Stock purchase warrants. As discussed below, the remaining balance of \$2,691,847 of the February 2012 Notes was modified on June 19, 2012 through the issuance of secured promissory notes (the “June 2012 Notes”).

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 9 – NOTES PAYABLE (continued)

Issuance of June 2012 Notes

On June 19, 2012, the Company sold and issued secured promissory notes (the “June 2012 Notes”) to the Parties in the principal base amounts of \$2,347,128 and \$2,344,719, respectively pursuant to the terms of a note purchase agreement (the “June 2012 Note Purchase Agreement”). As consideration for the June 2012 Notes, the Parties surrendered the remaining balance of the February 2012 Notes in the aggregate amount of \$1,347,128 and \$1,344,719, respectively (which sums included principle and interest through June 19, 2012), and the Company received an aggregate of \$2,000,000 of new funding from the Parties (the “June Funding”). The principal base amount of each of the June 2012 Notes, plus any additional advance made to the Company thereafter, together with accrued interest at the annual rate of 6%, is due in one lump sum payment on February 24, 2014. As security for the Company’s obligations under the June 2012 Note Purchase Agreement and the June 2012 Notes, the Company entered into a Security Agreement and pledged all of its assets, tangible and intangible, as further described therein. The Company granted 7,000,000 Common Stock purchase warrants in connection with the June Funding. The Company determined the relative fair value of the 7,000,000 Common Stock purchase warrants to be \$1,649,890 and recorded this amount as a debt discount to be amortized over the term of the June 2012 Notes. In conjunction with the February 2012 Notes and June 2012 Notes, for the three and nine months ended September 30, 2012, the Company recorded an aggregate of \$247,482 and \$299,728, respectively, as amortization of debt discount on the accompanying condensed consolidated financial statements. At September 30, 2012, the Company reported a notes payable balance of \$3,341,685, net of debt discount of \$1,350,162 in long-term liabilities on the accompanying condensed consolidated financial statements.

Conversion of July 2011 Secured Notes

In July 2011, VitaMed sold two senior secured promissory notes (the “Secured 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 Notes bear interest at the rate of 6% per annum, are due on the one year anniversary thereof, and are convertible into shares of the Company’s Common Stock at the option of the Company. The Company may pay the Secured Notes by delivering such number of shares of the Company’s Common Stock as shall be determined by dividing the outstanding principal then due and owing by the Company’s Share Price. For purposes of the Secured Notes, the “Share Price” shall mean the lower of the most recent price at which the Company offered and sold shares of its Common Stock (not including any shares issued upon the exercise of options and/or warrants or upon the conversion of any convertible securities) or the five-day average closing bid price immediately preceding the date of conversion. On June 19, 2012, the Company and the Parties agreed to convert the Secured Notes, and according to the terms thereof, aggregated principal and interest through June 19, 2012 of \$1,054,647 was converted at \$0.38 per share into an aggregate of 2,775,415 shares of the Company’s Common Stock. This resulted in a beneficial conversion feature of \$6,716,504 as recorded in other income and expense on the accompanying condensed consolidated financial statements. For the nine months ended September 30, 2012, the Company recorded an aggregate of \$33,204 as interest expense on the accompanying condensed consolidated financial statements.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 9 – NOTES PAYABLE (continued)

March 2011 Bank Line of Credit

In March 2011, VitaMed entered into a Business Loan Agreement and Promissory Note with First United Bank for a \$300,000 bank line of credit (the “Bank LOC”) for which a personal guarantee and cash collateral was required. Personal guarantees and cash collateral limited to \$100,000 each were provided by Robert Finizio and John Milligan, officers of VitaMed, and by Reich Family Limited Partnership, an entity controlled by Mitchell Krassan, also an officer of VitaMed. In consideration for the personal guarantees and cash collateral, Common Stock purchase warrants for an aggregate of 613,713 shares were granted. The Bank LOC accrued interest at the rate of 3.020% per annum based on a year of 360 days and was due on March 1, 2012. The bank and VitaMed negotiated a one-year extension to the Bank LOC which was executed on March 19, 2012 (the “Bank LOC Extension”). The Bank LOC Extension accrues interest at the rate of 2.35% and is due on March 1, 2013. At September 30, 2012, the outstanding principle balance of the Bank LOC was \$299,220. During the three and nine months ended September 30, 2012, interest expense of \$1,817 and \$6,526, respectively was paid and is included in interest expense on the accompanying condensed consolidated financial statements.

Issuance of VitaMed Promissory Notes

In June 2011, VitaMed sold Promissory Notes (the “VitaMed Promissory Notes”) in the aggregate principal amount of \$500,000. In consideration for the VitaMed Promissory Notes, Warrants for an aggregate of 613,718 shares were granted. The VitaMed Promissory Notes earn interest at the rate of 4% per annum and were due at the earlier of (i) the six (6) month anniversary of the date of issuance and (ii) such time as VitaMed received the proceeds of a promissory note(s) issued in an amount of not less than \$1,000,000 (the “Funding”). Upon the closing of the Funding in July 2011, as more fully described above in Conversion of July 2011 Secured Notes, two of the VitaMed Promissory Notes in the aggregate of \$200,000 were paid in full. By mutual agreement, the remaining VitaMed Promissory Notes in the aggregate of \$300,000 were extended. In October 2011, one of the VitaMed Promissory Notes for \$50,000 was paid in full. By mutual agreement, VitaMed Promissory Notes in the aggregate of \$100,000 were converted into 266,822 shares of the Company’s Common Stock at \$0.38 per share, which represents the fair value of the shares on the date of conversion. In June 2012, a VitaMed Promissory Note held by an unaffiliated individual was paid in full including \$2,160 in accrued interest. The remaining VitaMed Promissory Notes in the aggregate of \$100,000 were extended to October 15, 2012 (one held by Mr. Milligan for \$50,000 and one for \$50,000 held by BF Investments, LLC (owned by Brian Bernick, a member of the board of directors of the Company), which VitaMed Promissory Notes were paid in full in October 2012.

In December 2011, the Company sold 4% promissory notes to Mr. Finizio and Mr. Milligan and for an aggregate of \$100,000 (\$50,000 each) with original due dates of March 1, 2012. These promissory notes were extended by mutual agreement to June 1, 2012. In June 2012, the VitaMed Promissory Note held by Mr. Finizio was paid in full, including \$888 in accrued interest. Mr. Milligan’s VitaMed Promissory Note was extended to October 15, 2012 and subsequently paid in full in October 2012.

For the three and nine months ended September 30, 2012, the Company recorded an aggregate of \$1,497 and \$6,344, respectively, as interest expense on the accompanying condensed consolidated financial statements. At September 30, 2012, the Company reported \$150,000 as notes payable, related parties on the accompanying condensed consolidated financial statements.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 – STOCKHOLDERS' EQUITY

Common Stock

At September 30, 2012, the Company had 250,000,000 shares of Common Stock, \$0.001 par value authorized, with 99,784,982 shares of Common Stock issued and outstanding.

Warrants

The valuation methodology used to determine the fair value of the Company's Common Stock purchase warrants ("Warrants") is the Black-Scholes-Merton option-pricing model ("Black-Scholes Model"). The Black-Scholes Model requires the use of a number of assumptions including volatility of the stock price, the risk-free interest rate and the term of the Warrant. The weighted average fair value per share of Warrants granted and the assumptions used in the Black-Scholes Model during the nine months ended September 30, 2012 are described below. The risk-free interest rate assumption is based upon observed interest rates on zero coupon U.S. Treasury bonds whose maturity period is appropriate for the term. Estimated volatility is a measure of the amount by which the Company's stock price is expected to fluctuate each year during the term of the award. The Company's estimated volatility is an average of the historical volatility of the stock prices of its peer entities whose stock prices were publicly available. The Company's calculation of estimated volatility is based on historical stock prices over a period equal to the term of the awards. The Company used the historical volatility of peer entities due to the lack of sufficient historical data of its stock price.

Warrants Issued in Conjunction with Debt

On February 24, 2012, the Company granted an aggregate of 5,685,300 Warrants in connection with the modification of certain existing promissory notes (the "Modification Warrants"), and 3,314,700 Warrants with the issuance of secured promissory notes (see NOTE 9 – NOTES PAYABLE, Issuance of February 2012 Notes). Both the Modification Warrants and the February 2012 Warrants are exercisable at \$0.38. The Modification Warrants' fair value of \$10,505,247 and the February 2012 Warrants' fair value of \$6,124,873 was determined by using the Black-Scholes Model on the date of the grant. Both valuations used a term of 5 years; a volatility of 44.5%; risk free rate of 0.89%; and a dividend yield of 0%. The Company recorded the fair value of the Modification Warrants as part of the loss on extinguishment of debt in the accompanying condensed consolidated financial statements. The relative fair value of the February 2012 Warrants of \$859,647 was recorded as debt discount. As a result of the surrender of the February 2012 Notes on June 19, 2012, the Company expensed the remaining unamortized debt discount. As of September 30, 2012, the Company recorded amortization of debt discount totaling \$859,647 related to the February 2012 Notes.

On June 19, 2012, the Company granted an aggregate of 7,000,000 Warrants in connection with the issuance of secured promissory notes (the "June 2012 Warrants") (see NOTE 9 – NOTES PAYABLE, Issuance of June 2012 Notes). Of the 7,000,000 June 2012 Warrants, 6,000,000 are exercisable at \$2.00 and 1,000,000 are exercisable at \$3.00. The fair value of the June 2012 Warrants of \$9,424,982 was determined by using the Black-Scholes Model on the date of the grant. The Warrants were valued on the date of the grant using a term of 5 years; a volatility of 44.64%; risk free rate of 0.75%; and a dividend yield of 0%. The relative fair value of the June 2012 Warrants of \$1,649,890 was

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 – STOCKHOLDERS' EQUITY (continued)

Warrants Issued in Conjunction with Debt (continued)

determined by using the relative fair value calculation method on the date of the grant. At September 30, 2012, \$1,350,162 was reported as debt discount and for the three and nine months ended September 30, 2012, and \$247,482 and \$299,728, respectively, was recorded as amortization of debt discount on the accompanying condensed consolidated financial statements.

Warrants Issued for Services

In March 2012, the Company granted an aggregate of 31,000 Warrants to five unaffiliated individuals for services rendered.

The Warrants were valued on the date of the grant using a term of five years; a volatility of 44.81%; risk free rate of 1.04%; and a dividend yield of 0%; \$29,736 was recorded as consulting expense in the accompanying condensed consolidated financial statements.

In May 2012, the Company granted an aggregate of 1,300,000 Warrants to unaffiliated entity for services to be rendered over approximately five years beginning in May 2012. Services provided are to include: (a) services in support of the Company's drug development efforts including, but not limited to, services in support of the Company's ongoing and future drug development and commercialization efforts, regulatory approval efforts, third-party investment and financing efforts, marketing efforts, chemistry, manufacturing and controls efforts, drug launch and post-approval activities, and other intellectual property and know-how transfer associated therewith; (b) services in support of the Company's efforts to successfully obtain New Drug Approval; and (c) other consulting services as mutually agreed upon from time to time in relation to new drug development opportunities. The Warrants were valued at \$1,532,228 on the date of the grant using a term of 5 years; a volatility of 44.71%; risk free rate of 0.74%; and a dividend yield of 0%. At September 30, 2012 the Company reported \$306,446 as prepaid expense-short term, \$1,043,787 as prepaid expense-long term, and recorded \$90,132 and 127,913, respectively, for the three and nine months ended September 30, 2012 as consulting expense in the accompanying condensed consolidated financial statements. The contract will expire upon the commercial manufacture of a drug product. Based on the review, the Company has determined that the process will take approximately five years. As a result, the Company is amortizing the \$1,532,228 over five years.

In June 2012, the Company granted an aggregate of 1,500 Warrants to three unaffiliated individuals for services rendered. The Warrants were valued on the date of the grant using a term of 5 years; a volatility of 44.78%; risk free rate of 0.72%; and a dividend yield of 0%; \$1,656 was recorded as consulting expense in the accompanying condensed consolidated financial statements.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 – STOCKHOLDERS’ EQUITY (continued)

Warrants Issued for Services (continued)

A summary of the Company’s Common Stock purchase warrant activity and related information for 2012 follows:

	Number of Shares Under Company Warrant	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Balance at December 31, 2011	3,057,627	\$ 0.36	7.9	\$ 3,483,691
Granted	17,332,500	\$ 1.26	4.5	\$ 37,957,525
Exercised	(8,145,486)	\$ 0.38		
Expired	-0-			
Cancelled	-0-			
Balance at September 30, 2012	<u>12,244,641</u>	\$ 1.62	5.1	\$ 22,403,657
Vested and Exercisable at September 30, 2012	<u>11,717,927</u>	\$ 1.68	4.9	\$ 20,777,898

As of September 30, 2012, the Company had Warrants outstanding with an exercise prices ranging from \$0.24 to \$3.00 per share. As of September 30, 2012, unamortized costs associated with Warrants totaled approximately \$1,498,000.

Stock Options

In 2009, the Company adopted the 2009 Long Term Incentive Compensation Plan (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 “Awards”). The Awards available under the LTIP consist of stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock, performance units, EVA awards, and other stock or cash awards as described in the LTIP. There are 25,000,000 shares authorized for issuance thereunder.

On February 23, 2012, the Company’s Board of Directors adopted the 2012 Stock Incentive Plan, a non-qualified plan not requiring approval by the Company’s shareholders (“2012 SOP”). The 2012 SOP was designed to serve as an incentive for retaining qualified and competent key employees, officers and directors, and certain consultants and advisers of the Company. There are 10,000,000 shares authorized for issuance thereunder. No shares have been issued under the 2012 SOP.

The valuation methodology used to determine the fair value of Options is Black-Scholes Model. The Black-Scholes Model requires the use of a number of assumptions including volatility of the stock price, the risk-free interest rate, and the expected life.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 – STOCKHOLDERS' EQUITY (continued)

Stock Options (continued)

The assumptions used in the Black-Scholes Model during the nine months ended September 30, 2012 are set forth in the table below.

Risk-free interest rate	0.65-2.23%
Volatility	40.77-44.83%
Expected life (in years)	5.00-6.75
Dividend yield	0.00%

The risk-free interest rate assumption is based upon observed interest rates on zero coupon U.S. Treasury bonds whose maturity period is appropriate for the expected life. Estimated volatility is a measure of the amount by which the Company's stock price is expected to fluctuate each year during the term of the award. The Company's estimated volatility is an average of the historical volatility of the stock prices of its peer entities whose stock prices were publicly available. The Company's calculation of estimated volatility is based on historical stock prices over a period equal to the term of the awards. The Company used the historical volatility of peer entities due to the lack of sufficient historical data of its stock price. The average expected life is based on the contractual term of the option using the simplified method.

In January 2012, certain individuals exercised their right to purchase an aggregate of 1,630,022 shares of the Company's Common Stock for an aggregate purchase price of \$166,000. The shares were issued in reliance upon an exemption from the registration provisions of the Securities Act of 1933 due to Section 4(1) of the Act and Rule 144 and are covered by a lock-up agreement.

On February 27, 2012, the Company issued Options to certain officers and directors of the Company. The ten-year Options are for the purchase of an aggregate of 600,000 shares and have an exercise price of \$2.20 per share. The Options vest in full on February 27, 2013.

On March 30, 2012, the Company issued ten-year Options to employees and consultants for the purchase of an aggregate of 480,000 shares with an exercise price of \$2.40. An aggregate of 405,000 shares available under the Options vest over a four-year period on anniversary of issuance, an aggregate of 60,000 shares vest over a two-year period on the anniversary of issuance, and 15,000 shares vest monthly over a twelve-month period from the date of issuance.

On March 30, 2012, the Company's Board of Directors approved a cashless exercise provision for use by holders of Company Options. Also on March 30, 2012, an individual exercised his right to purchase 245,485 shares of the Company's Common Stock. The aggregate purchase price of approximately \$60,000 was paid pursuant to a cashless exercise provision wherein the individual surrendered his right to receive 25,000 shares thereunder. The 220,485 shares were issued in reliance upon an exemption from the registration provisions of the Securities Act of 1933 due to Section 4(1) of the Act and Rule 144 and are covered by a lock-up agreement.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 – STOCKHOLDERS' EQUITY (continued)

Stock Options (continued)

On April 16, 2012, the Company's Board of Directors approved the issuance of ten-year Company Options for its directors for the purchase of: (i) an aggregate of 350,000 shares (50,000 shares each) to its directors for services to be rendered during calendar year 2012 and (ii) an aggregate of 75,000 shares (25,000 shares each) to the chairs of the Audit, Compensation and Corporate Governance Committees for services to be rendered during calendar year 2012. All of the Company Options have an exercise price of \$2.55 per share and all shares thereunder vest on December 31, 2012. In addition, Dr. Brian Bernick, a director and employee, was issued a Company Option for 150,000 shares for services rendered as an employee, having an exercise price of \$2.55 under which all shares vest on the first anniversary of issuance.

On June 29, 2012, the Company issued ten-year Options to employees, consultants, and a director for the purchase of an aggregate of 250,000 shares with an exercise price of \$2.80. An aggregate of 5,500 shares available under the Options vest over a four-year period on anniversary of issuance, an aggregate of 70,000 shares vest over a two-year period on the anniversary of issuance, 150,000 shares vest monthly over a one-year period on the anniversary of issuance, 75,000 shares vest monthly on December 31, 2012, and 50,000 vest immediately.

On July 5, 2012, a consultant exercised an Option to purchase 21,338 shares of the Company's Common Stock at an exercise price of \$0.18738 per share. All shares under the Option were purchased through a cashless exercise provision wherein the consultant surrendered his right to receive 1,428 shares resulting in the issuance of 19,910 shares. The shares are covered by a lock-up agreement. On July 11, 2012, a consultant exercised an Option to purchase 30,685 shares of the Company's Common Stock at an exercise price of \$0.407355 per share for a purchase price of \$12,459.69. The shares are covered by a lock-up agreement.

On September 13, 2012, the Company issued ten-year Options to employees and consultants for the purchase of an aggregate of 391,750 shares with an exercise price of \$3.40. An aggregate of 7,500 shares available under the Options vest over a four-year period on anniversary of issuance, an aggregate of 115,000 shares vest over a two-year period on the anniversary of issuance, 2,500 shares vest over a one-year period on the anniversary of issuance, and 166,250 vest immediately.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 – STOCKHOLDERS’ EQUITY (continued)

Stock Options (continued)

A summary of activity under the LTIP and related information follows:

	Number of Shares Under Company Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Balance at December 31, 2011	10,590,161	\$ 0.16	7.6	\$ 14,067,649
Granted	2,296,750	\$ 2.56	9.6	\$ 2,039,838
Exercised	(1,931,788)	\$ 0.13		
Expired	-0-			
Cancelled	(26,428)	\$ 0.24		
Balance at September 30, 2012	<u>10,928,695</u>	\$ 0.68	7.3	\$ 30,261,370
Vested and Exercisable at September 30, 2012	<u>7,528,886</u>	\$ 0.22	6.7	\$ 24,349,605

The weighted-average issue date fair value of Options issued during the nine months ended September 30, 2012 was \$1.09.

As of September 30, 2012, the Company had Options outstanding with exercise prices ranging from \$0.10 to \$3.40 per share.

Share-based compensation expense for Options recognized in our results for the nine months ended September 30, 2012 and 2011 (\$1,004,472 and \$166,233, respectively) is based on awards vested and we estimated no forfeitures. ASC 718-10, “*Stock Compensation*” requires forfeitures to be estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from the estimates.

At September 30, 2012, total unrecognized estimated compensation expense related to non-vested Options granted prior to that date was approximately \$1,730,000 which is expected to be recognized over a weighted-average period of 1.7 years. No tax benefit was realized due to a continued pattern of operating losses.

NOTE 11 – INCOME TAXES

Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company does not expect to pay any significant federal or state income tax for 2012 as a result of the losses recorded during the nine months ended September 30, 2012, additional losses expected for the remainder of 2012 as well as from net operating loss carry forwards from prior years. Accounting standards require the consideration of a valuation allowance for deferred tax assets if it is “more likely than not” that some component or all of the benefits of deferred tax assets will not be realized. As of September 30, 2012, the Company maintains a full valuation allowance for all deferred tax assets. Based on these requirements, no provision or benefit for income taxes has been recorded. There were no recorded unrecognized tax benefits at the end of the reporting period.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 12 – RELATED PARTIES

Purchases by Related Parties

During the nine months ended September 30, 2012 and 2011, the Company sold its products to Dr. Bernick in the amounts of \$1,440 and \$11,505, respectively, while \$0 and \$0 in receivables related thereto remained outstanding at September 30, 2012 and December 31, 2011, respectively.

Agreements with Pernix Therapeutics, LLC

On February 29, 2012, Cooper C. Collins, President and largest shareholder of Pernix Therapeutics, LLC ("Pernix"), was elected to serve on the Company's Board of Directors. The Company closed a Stock Purchase Agreement with Pernix on October 4, 2011. From time to time, the Company has entered into agreements with Pernix in the normal course of business. During the nine months ended September 30, 2012 and 2011, the Company made purchases of approximately \$96,250 and \$0, respectively, from Pernix. At September 30, 2012 and December 31, 2011, there were no Pernix invoices outstanding.

Warrants assigned to Related Party

In June 2012, a 100,000 Warrant was assigned to the son of the Company's Chairman of the Board of Directors by a non-affiliated third party (shareholder/lender).

NOTE 13 - BUSINESS CONCENTRATIONS

The Company purchases its products from several suppliers with approximately 65% and 97% of its purchases from one supplier for the nine months ended September 30, 2012 and 2011, respectively.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The Company leases administrative and distribution facilities in Boca Raton, Florida pursuant to a 45 month non-cancelable operating lease expiring in 2013. The lease stipulates, among other things, base monthly rents of \$5,443 plus the Company's share of monthly estimated operating expenses of \$3,500 and sales tax. The lease contains one renewal option for an additional two-year period.

The rental expense related to this lease totaled \$84,114 and \$77,570 for the nine months ended September 30, 2012 and 2011, respectively. Future minimum rental payments through June 30, 2013 total \$84,168.

NOTE 15 – DEPOSITS HELD BY VENDORS

During the nine months ended September 30, 2012 and in December 2011, the Company paid approximately \$1,650,000 and \$245,000, respectively, to a non-affiliated third party vendor and warrant holder for fees related to research and development of new products. During the three and nine months ended September 30, 2012, approximately \$950,000 and \$1,825,000, respectively, was charged to expense leaving a balance of \$0, which is recorded as deposits to vendors in the accompanying consolidated condensed financial statements. The Company believes that it will incur additional related fees in 2012 in the approximate amount of at least \$500,000.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 15 – DEPOSITS HELD BY VENDORS (continued)

During the nine months ended September 30, 2012 and in December 2011, the Company paid approximately \$634,000 and \$55,000, respectively, to a non-affiliated third party vendor and shareholder as down payments on inventory purchases. These down payments were recorded as deposits with vendors in the accompanying consolidated condensed financial statements. During the three and nine months ended September 30, 2012, approximately \$259,000 and \$420,000, respectively, was applied to inventory purchases leaving an unused balance of approximately \$269,000.

During the nine months ended September 30, 2012, the Company paid approximately \$63,000 to a non-affiliated third party vendor as down payments on inventory purchases. This down payment was recorded as deposits with vendors in the accompanying consolidated condensed financial statements. During the nine months ended September 30, 2012, \$0 was applied to inventory purchases leaving an unused balance of approximately \$63,000.

NOTE 16 – SUBSEQUENT EVENTS

Private Placement

On September 26, 2012, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with multiple investors (collectively, the “Investors”) relating to the issuance and sale of the Company’s Common Stock in a private placement. The Purchase Agreement was closed on October 2, 2012 (the “Closing Date”) through which the Company sold an aggregate of 3,953,489 shares of its Common Stock (the “Shares”) at \$2.15 per share for an aggregate purchase price of \$8,500,001. The Company plans to use the net proceeds from the sale of the Shares for research and development of the Company’s drug candidates, working capital and general corporate purposes.

In connection with the private placement, Jefferies & Company, Inc. (“Jefferies”) served as the Company’s exclusive placement agent. Jefferies’ compensation for the transaction is a cash fee of \$552,500. The Company also paid legal fees and expenses for the Investors in the aggregate of \$27,000, resulting in net proceeds to the Company of \$7,920,501.

The Shares were issued in reliance upon the exemptions from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Rule 506 of Regulation D promulgated thereunder. The Shares were issued directly by the Company and did not involve a public offering or general solicitation. The Investors in the private placement are “Accredited Investors” as that term is defined in Rule 501 of Regulation D and are acquiring the Shares for investment only and not with a present view toward, or for resale in connection with, the public sale or distribution thereof.

As part of the Purchase Agreement, the Company agreed to file a registration statement (the “Registration Statement”) covering the resale of the Shares no later than 45 days from the Closing Date. The Company shall use its best efforts to effect the registration (including a declaration of effectiveness of the Registration Statement by the SEC) no later than 90 days from the Closing Date (120 days if reviewed by SEC) (the “Effectiveness Date”). If the Registration Statement does not become effective on or before the Effectiveness Date, the Company has agreed, among other things, to pay to the Investors 1.5% of each Investor’s aggregate purchase price of the Shares for each 30-day period that the Registration Statement is not effective, up to a maximum of 10% of such aggregate purchase price.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 16 – SUBSEQUENT EVENTS (continued)

New Products

On November 6, 2012, the Company plans the release of the following new products in its BocaGreen generic prescription line:

BocaGreenMD™ Prena1 Plus is a comprehensive single-dose dietary supplement containing one prenatal tablet with 16 vitamins and minerals, plus one softgel with 300 mg of plant-based life's DHA.

BocaGreenMD™ Prena1 is a convenient single-dose softgel with 14 vitamins, minerals and 200 mg of plant-based life's DHA.

BocaGreenMD™ Prena1 Chew is a single daily easy to chew, vanilla-flavored, chewable tablet ideal for women planning a pregnancy and those with difficulty swallowing tablets or capsules, or where nausea or morning sickness make taking tablets or capsules difficult.

Employment Agreements

On November 8, 2012, the Company's Compensation Committee recommended that the Board of Directors approve employment agreements with the Company's executive officers, namely: Chief Executive Officer (Robert G. Finizio), President (John C.K. Milligan, IV) and Chief Financial Officer (Daniel A. Cartwright) (each an "Executive; together the "Executives"). The Company's Board of Directors approved the Employment Agreements with an effective date of November 8, 2012. With the exception of compensation, the three-year employment agreements are substantially the same with the Executives receiving employee benefits, vacation and other perquisites as may be determined from time to time and an automatic renewal option for one additional year. Conditions of termination for all employment agreements call for (i) termination immediately upon death, (ii) termination upon a disability in which the Executive is unable to perform his duties for more than 180 total calendar days during any 12-month period, (iii) voluntary termination by the Executive upon a 14 calendar day prior notice, (iv) involuntary termination by the Company without cause with 60-day notice or 90-day notice when termination is due to the non-extension of the employment term by the Company, (v) termination for cause and (vi) termination for good reason wherein the Executive shall have 90 days from the date of notice to terminate his employment. In addition, if the Company is subject to a change in control, the Executive shall be entitled to receive severance benefits as outlined therein. The employment agreements contain standard provisions for confidentiality and noncompetition.

Compensation for services rendered by Robert G. Finizio as Chief Executive Officer calls for: (i) a time-based ten-year stock option (the "Time-Based Option") granted and issued on November 30, 2012 ("Date of Grant") to purchase 900,000 shares of the Company's Common Stock with the exercise price equal to the closing price of the Company's Common Stock on the Date of Grant with the underlying shares vesting annually over three years on the anniversary of the employment date, (ii) the right to receive a performance-based ten-year stock option (the "Performance-Based Option") in an amount to be determined, (iii) a base salary of not less than \$355,100 per year and (iv) an annual short-term incentive compensation bonus of up to 35% of the base salary, at the discretion of the Company's Board of Directors.

THERAPEUTICSMD, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 16 – SUBSEQUENT EVENTS (continued)

Employment Agreements (continued)

Compensation for services rendered by John C.K. Milligan, IV as President calls for: (i) a Time-Based Option granted and issued on the Date of Grant to purchase 800,000 shares of the Company's Common Stock with the exercise price equal to the closing price of the Company's Common Stock on the Date of Grant with the underlying shares vesting annually over three years on the anniversary of the employment date, (ii) the right to receive a Performance-Based Option in an amount to be determined, (iii) a base salary of not less than \$288,100 per year and (iv) an annual short-term incentive compensation bonus of up to 30% of the base salary, at the discretion of the Board of Directors.

Compensation for services rendered by Daniel A. Cartwright as Chief Financial Officer calls for: (i) a Time-Based Option granted and issued on the Date of Grant to purchase 700,000 shares of the Company's Common Stock with the exercise price equal to the closing price of the Company's Common Stock on the Date of Grant with the underlying shares vesting annually over three years on the anniversary of the employment date, (ii) the right to receive a Performance-Based Option in an amount to be determined, (iii) a base salary of not less than \$257,100 per year and (iv) an annual short-term incentive compensation bonus of up to 30% of the base salary, at the discretion of the Company's Board of Directors.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The following discussion and analysis provides information which management of the Company believes to be relevant to an assessment and understanding of the Company's results of operations and financial condition. This discussion should be read together with the Company's condensed consolidated financial statements and the notes to the financial statements, which are included in this report. This information should also be read in conjunction with the information contained in our Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission (the "Commission") on March 27, 2012, including the audited financial statements and notes included therein. The reported results will not necessarily reflect future results of operations or financial condition.

In addition, this Management's Discussion and Analysis of Financial Condition and Results of Operations contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include statements relating to our belief that we will further differentiate our products from the competition, our expectation to begin clinical trials in the near future, our plans to file New Drug Applications ("NDA"), our planned use of proceeds from our private placement transaction, our lack of financial resources, our belief that we will be able to raise capital to execute our business, our expectations of research and development expenditures, our estimation of inventory growth, our belief that we will be able to meet the costs of growth and public reporting and our belief regarding securing required financing. Actual results could differ materially from those currently anticipated as a result of a number of factors, including those set forth under "Risk Factors" in our Form 10-K for the year ended December 31, 2011.

Throughout this Quarterly Report on Form 10-Q (the "Report"), the terms "we," "us," "our," "Therapeutics," or "our Company" refers to TherapeuticsMD, Inc., a Nevada corporation, and unless specified otherwise, includes its wholly owned subsidiaries, vitaMedMD, LLC, a Delaware limited liability company incorporated on May 13, 2008 ("VitaMed") and BocaGreenMD, Inc., a Nevada corporation, incorporated on January 10, 2012 ("BocaGreen").

Overview

Therapeutics is a specialty pharmaceutical company focused on creating safe and effective therapies exclusively for women, including (i) prenatal and women's multi-vitamins, (ii) iron, calcium and vitamin D supplements, (iii) natural (non-hormonal) menopause relief and (iv) scar reduction creams. The Company also has three hormone replacement therapy ("HRT") drug candidates that have received Investigational New Drug Application ("IND") acceptance by the U.S. Food and Drug Administration ("FDA"). The current product lines of the Company are sold through VitaMed and BocaGreen. We have a national sales force that calls on physicians and pharmacies and markets prescription prenatal vitamins, over-the-counter ("OTC") nutritional supplements and other medical products through pharmacies and our website with the recommendation of physicians by creating a unique value proposition for patients, physician/providers and insurance payors. Our primary objective is to be the sole prenatal vitamin brand recommended by physicians to all their patients by becoming the new standard in prenatal vitamins with a complete line of personal products all under one quality brand.

In 2009, the Company completed formulation of its first products, a prenatal multivitamin and a vegan docosahexaenoic acid ("DHA") supplement and introduced the product to the market in June 2009 with sales primarily in South Florida. In September 2010, we achieved a milestone of \$1 million in total sales and began to expand our sales force nationally. We currently sell our products into 46 states. We began the development of our prescription women's health products in 2011 and continue our product development efforts for both new products and refinements to existing products. The Company seeks proprietary ingredients and formulations that can be exclusively licensed or patented for use in women's healthcare that we believe will further differentiate our products from the competition.

The Company's Common Stock is traded on the OTCQB under the symbol "TXMD." We maintain websites at www.therapeuticsmd.com, www.vitamedmd.com, www.vitamedmdrx.com and www.bocagreenmd.com.

Recent Developments

Issuance of Promissory Notes

In August and September 2012, the Company sold 6% promissory notes for an aggregate of \$1,600,000 due on October 1, 2012, which due date was subsequently extended. The notes were paid in full in October 2012.

In September 2012, the Company sold a 6% promissory note for \$200,000 due on October 15, 2012. The note was paid in full in October 2012.

Issuance, Modification and Settlement of February 2012 Notes

On February 24, 2012, the Company sold and issued promissory notes (the "February 2012 Notes") to an individual and an entity (the "Parties"), both of which are shareholders of the Company, in the principal base amount of \$1,358,014 and \$1,357,110 respectively (the "Principal Base Amount(s)") and granted warrants for the purchase of the Company's Common Stock (the "Warrants") for an aggregate of 9,000,000 shares (4,500,000 to each Party) (the "February 2012 Warrants") pursuant to the terms of a note purchase agreement (the "Note Purchase Agreement") also dated February 24, 2012. As consideration for the February 2012 Notes and the February 2012 Warrants, the Company received an aggregate of \$1,000,000 of new funding from the Parties (the "February Funding") and the Parties surrendered certain promissory notes previously issued by the Company in the amount of \$1,700,000 plus accrued interest of \$15,124 (collectively known as the "Prior Notes"). The February 2012 Warrants included 5,685,300 shares in consideration of the modification of the Prior Notes and 3,314,700 shares in consideration of the February Funding. See NOTE 9 – NOTES PAYABLE in the accompanying condensed consolidated financial statements for more details.

Under the February 2012 Notes, the Parties loaned the Company an additional \$2,000,000 during March, April, and May 2012.

On June 19, 2012, the Company settled \$3,102,000 in principle and interest of the February 2012 Notes in exchange for the Parties' exercise of a portion of the February 2012 Warrants for an aggregate of 8,145,486 shares. As discussed below, the remaining balance of \$2,691,847 of the February 2012 Notes was modified on June 19, 2012 through the issuance of secured promissory notes (the "June 2012 Notes").

Issuance of June 2012 Notes

On June 19, 2012, the Company sold and issued the June 2012 Notes to the Parties in the principal base amounts of \$2,347,128 and \$2,344,719, respectively, pursuant to the terms of a note purchase agreement (the "June 2012 Note Purchase Agreement"). As consideration for the June 2012 Notes, the Parties surrendered the remaining balance of the February 2012 Notes in the aggregate amount of \$1,347,128 and \$1,344,719, respectively (which sums included principle and interest through June 19, 2012), and the Company received an aggregate of \$2,000,000 of new funding from the Parties (the "June Funding"). The principal base amount of each of the June 2012 Notes, plus any additional advances made to the Company thereafter together with accrued interest at the annual rate of 6%, is due in one lump sum payment on February 24, 2014. As security for the Company's obligations under the June 2012 Note Purchase Agreement and the June 2012 Notes, the Company entered into a Security Agreement and pledged all of its assets, tangible and intangible, as further described therein. The Company granted Warrants for the purchase of an aggregate of 7,000,000 shares with the June Funding. See NOTE 9 – NOTES PAYABLE and NOTE 10 – STOCKHOLDERS' EQUITY, Warrants in the accompanying condensed consolidated financial statements for more details.

March 2011 Bank Line of Credit

In March 2011, VitaMed entered into a Business Loan Agreement and Promissory Note with First United Bank for a \$300,000 bank line of credit (the "Bank LOC") for which a personal guarantee and cash collateral was required. Personal guarantees and cash collateral limited to \$100,000 each were provided by Robert Finizio and John Milligan, officers of VitaMed, and by Reich Family Limited Partnership, an entity controlled by Mitchell Krassan, also an officer of VitaMed. In consideration for the personal guarantees and cash collateral, Warrants for an aggregate of 613,713 shares were granted. The Bank LOC accrued interest at the rate of 3.020% per annum based on a year of 360 days and was due on March 1, 2012. The bank and VitaMed negotiated a one-year extension to the Bank LOC which was executed on March 19, 2012 (the "Bank LOC Extension"). The Bank LOC Extension accrues interest at the rate of 2.35% and is due on March 1, 2013. At September 30, 2012, the outstanding principle balance of the Bank LOC was \$299,220.

Repayment of VitaMed Promissory Notes

In June 2011, VitaMed sold Promissory Notes (the "VitaMed Promissory Notes") in the aggregate principal amount of \$500,000. In consideration for the VitaMed Promissory Notes, Warrants for an aggregate of 613,718 shares were granted. The VitaMed Promissory Notes earn interest at the rate of 4% per annum and were due at the earlier of (i) the 6 month anniversary of the date of issuance and (ii) such time as VitaMed received the proceeds of a promissory note(s) issued in an amount of not less than \$1,000,000 (the "Funding"). Upon the closing of the Funding in July 2011, two of the VitaMed Promissory Notes in the aggregate of \$200,000 were paid in full. By mutual agreement, the remaining VitaMed Promissory Notes in the aggregate of \$300,000 were extended. In October 2011, one of the VitaMed Promissory Notes for \$50,000 was paid in full. By mutual agreement, VitaMed Promissory Notes in the aggregate of \$100,000 were converted into 266,822 shares of the Company's Common Stock at \$0.38 per share, which represents the fair value of the shares on the date of conversion. In June 2012, a VitaMed Promissory Note held by an unaffiliated individual was paid in full including \$2,160 in accrued interest. The remaining VitaMed Promissory Notes in the aggregate of \$100,000 were extended to October 15, 2012 (one held by Mr. Milligan for \$50,000 and one for \$50,000 held by BF Investments, LLC (owned by Brian Bernick, a member of the board of directors of the Company), which VitaMed Promissory Notes were paid in full in October 2012.

In December 2011, the Company sold 4% promissory notes to Mr. Finizio and Mr. Milligan and for an aggregate of \$100,000 (\$50,000 each) with original due dates of March 1, 2012. These promissory notes were extended by mutual agreement to June 1, 2012. In June 2012, the VitaMed Promissory Note held by Mr. Finizio was paid in full including \$888 in accrued interest. Mr. Milligan's VitaMed Promissory Note was extended to October 15, 2012 and subsequently paid in full in October 2012.

New Products

The Company filed three INDs in 2012, all of which have been accepted by the FDA for hormone therapy. These drugs are known as TX12001HR, a combined progestin and estrogen drug candidate, TX12002HR, a progestin only drug candidate and TX12003HR, an estrogen only drug candidate. Since these INDs have been accepted by the FDA, Phase I and III clinical trials may be commenced. The Company anticipates beginning these trials in the near future. Upon completion, the Company may seek FDA approval for these drug candidates.

On November 6, 2012, the Company released the following products in its BocaGreen generic prescription line:

BocaGreenMD™ Prena1 -- A convenient single-dose softgel with 14 vitamins, minerals and 200 mg of plant-based life's DHA.

BocaGreenMD™ Prena1 Plus-- A comprehensive single-dose dietary supplement containing one prenatal tablet with 16 vitamins and minerals, plus one softgel with 300 mg of plant-based life's DHA.

BocaGreenMD™ Prena1 Chew --A single daily easy to chew, vanilla-flavored, chewable tablet ideal for women planning a pregnancy and those with difficulty swallowing tablets or capsules, or where nausea or morning sickness make taking tablets or capsules difficult.

Private Placement

On September 26, 2012, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with multiple investors (collectively, the "Investors") relating to the issuance and sale of the Company's common stock in a private placement. The Purchase Agreement was closed on October 2, 2012 (the "Closing Date") through which the Company sold an aggregate of 3,953,489 shares of common stock (the "Shares") at \$2.15 per share for an aggregate purchase price of \$8,500,001. The Company plans to use the net proceeds from the sale of the Shares for research and development of the Company's drug candidates, working capital and general corporate purposes.

In connection with the private placement, Jefferies & Company, Inc. ("Jefferies") served as the Company's exclusive placement agent. Jefferies' compensation for the transaction is a cash fee of \$552,500. The Company also paid legal fees and expenses for the Investors in the aggregate of \$27,000, resulting in net proceeds to the Company of \$7,920,501.

The Shares were issued in reliance upon the exemptions from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Rule 506 of Regulation D promulgated thereunder. The Shares were issued directly by the Company and did not involve a public offering or general solicitation. The Investors in the private placement are "Accredited Investors" as that term is defined in Rule 501 of Regulation D and are acquiring the Shares for investment only and not with a present view toward, or for resale in connection with, the public sale or distribution thereof.

As part of the Purchase Agreement, the Company agreed to file a registration statement (the "Registration Statement") covering the resale of the Shares no later than 45 days from the Closing Date. The Company shall use its best efforts to effect the registration (including a declaration of effectiveness of the Registration Statement by the SEC) no later than 90 days from the Closing Date (120 days if reviewed by SEC) (the "Effectiveness Date"). If the Registration Statement does not become effective on or before the Effectiveness Date, the Company has agreed, among other things, to pay to the Investors 1.5% of each Investor's aggregate purchase price of the Shares for each 30-day period that the Registration Statement is not effective, up to a maximum of 10% of such aggregate purchase price.

Employment Agreements

On November 8, 2012, the Company's Compensation Committee recommended that the Board of Directors approve employment agreements with the Company's executive officers, namely: Chief Executive Officer (Robert G. Finizio), President (John C.K. Milligan, IV) and Chief Financial Officer (Daniel A. Cartwright) (each an "Executive; together the "Executives"). The Company's Board of Directors approved the Employment Agreements with an effective date of November 8, 2012. With the exception of compensation, the three-year employment agreements are substantially the same with the Executives receiving employee benefits, vacation and other perquisites as may be determined from time to time and an automatic renewal option for one additional year. Conditions of termination for all employment agreements call for (i) termination immediately upon death, (ii) termination upon a disability in which the Executive is unable to perform his duties for more than 180 total calendar days during any 12-month period, (iii) voluntary termination by the Executive upon a 14 calendar day prior notice, (iv) involuntary termination by the Company without cause with 60-day notice or 90-day notice when termination is due to the non-extension of the employment term by the Company, (v) termination for cause and (vi) termination for good reason wherein the Executive shall have 90 days from the date of notice to terminate his employment. In addition, if the Company is subject to a change in control, the Executive shall be entitled to receive severance benefits as outlined therein. The employment agreements contain standard provisions for confidentiality and noncompetition.

Compensation for services rendered by Robert G. Finizio as Chief Executive Officer calls for: (i) a time-based ten-year stock option (the "Time-Based Option") granted and issued on November 30, 2012 (the "Date of Grant") to purchase 900,000 shares of the Company's Common Stock with the exercise price equal to the closing price of the Company's Common Stock on the Date of Grant with the underlying shares vesting annually over three years on the anniversary of the employment date, (ii) the right to receive a performance-based ten-year stock option (the "Performance-Based Option") in an amount to be determined, (iii) a base salary of not less than \$355,100 per year and (iv) an annual short-term incentive compensation bonus of up to 35% of the base salary, at the discretion of the Company's Board of Directors.

Compensation for services rendered by John C.K. Milligan, IV as President calls for: (i) a Time-Based Option granted and issued on the Date of Grant to purchase 800,000 shares of the Company's Common Stock with the exercise price equal to the closing price of the Company's Common Stock on the Date of Grant with the underlying shares vesting annually over three years on the anniversary of the employment date, (ii) the right to receive a Performance-Based Option in an amount to be determined, (iii) a base salary of not less than \$288,100 per year and (iv) an annual short-term incentive compensation bonus of up to 30% of the base salary, at the discretion of the Company's Board of Directors.

Compensation for services rendered by Daniel A. Cartwright as Chief Financial Officer calls for: (i) a Time-Based Option granted and issued on the Date of Grant to purchase 700,000 shares of the Company's Common Stock with the exercise price equal to the closing price of the Company's Common Stock on the Date of Grant with the underlying shares vesting annually over three years on the anniversary of the employment date, (ii) the right to receive a Performance-Based Option in an amount to be determined, (iii) a base salary of not less than \$257,100 per year and (iv) an annual short-term incentive compensation bonus of up to 30% of the base salary, at the discretion of the Company's Board of Directors.

Results of Operations

The following information presents the results of operations for the Company's continuing operations for the three and nine month periods ended September 30, 2012 and 2011. The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements included herewith and our Annual Report on Form 10-K filed with the SEC on March 27, 2012. 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 our management. Historical financial information presented for the three and nine months ended September 30, 2012 and 2011 is that of the Company on a consolidated basis with its subsidiaries.

Three months ended September 30, 2012 compared to three months ended September 30, 2011

	Three Months Ended September 30,		Change
	2012	2011	
	(000s)		
Revenues, net	\$ 1,036	\$ 540	\$ 496
Cost of goods sold	307	242	65
Operating expenses	4,640	1,742	2,898
Operating loss	(3,911)	(1,444)	(2,467)
Other income (expense), net	(342)	(43)	(299)
Net loss	\$ (4,253)	\$ (1,487)	\$ (2,766)

Revenues and Cost of Goods Sold

Revenues for the three months ended September 30, 2012 increased \$496,000, or approximately 92%, from the three months ended September 30, 2011. This increase was directly attributable to the (i) increase in the number of sales territories, (ii) the associated increase in number of sales people selling in those territories and (iii) the new prescription product introduced in March 2012. Cost of goods sold increased \$65,000, or approximately 27%, for the three months ended September 30, 2012 compared to the three months ended September 30, 2011. Cost of goods sold as a percentage of revenue was 30% and 45% for the three months ended September 30, 2012 and 2011, respectively. Approximately 51% of this increase was due to an increase in the amount of product sold and approximately 49% of the increase was related to product mix. The Company's costs of individual products did not change for the three months ended September 30, 2012 as compared to the same period in 2011.

Operating Expenses

The Company's principal operating costs include the following items as a percentage of total expense.

	Three Months Ended September 30,	
	2012	2011
Human resource costs, including commission, benefits and taxes	27.5%	51.7%
Product design and development costs	28.8%	5.5%
Sales and marketing, excluding human resource costs	17.6%	24.4%
Professional fees for legal, accounting and consulting	6.1%	4.2%
Non-cash costs	13.3%	2.6%
Other operating expenses	6.7%	11.6%

Operating expenses increased by \$2.9 million (166%) as a result of the following items:

	(000s)
Increase in human resource costs, including commission, benefits and taxes	\$ 375
Increase in product design and development costs	1,239
Increase in sales and marketing, excluding human resource costs	548
Increase in non-cash costs	571
Increase in legal, accounting and consulting fees	213
Decrease in other operating expenses	(48)
	<u>\$ 2,898</u>

Human resource costs, including salaries, commission, benefits and taxes were higher as a result of an increase of 17 employees between the two periods (approximately \$392,000), partially offset by decreased sales commissions of approximately \$18,000.

Product design and development costs increased as a direct result of our new hormone replacement therapy and prescription prenatal products.

Professional fees increased primarily due to higher legal fees arising from contract and patent services and public company filing related costs (approximately \$116,000). Consulting costs were also higher as a result of new product development, opening new sales territories and the additional resources needed for public company filings (approximately \$97,000).

Sales and marketing costs increased due to the addition of new sales territories and expanded client education.

Non-cash costs were higher as the result of the Warrants issued for services (approximate fair value of \$68,000) and additional costs related to the issuance of Options (approximate fair value of \$503,000).

Other Income (Expense), net

Other non-operating expense increased by approximately \$324,000 for the three months ended September 30, 2012 in comparison to the same period in 2011 due primarily to the addition of amortization of debt discount not incurred during 2011.

Nine months ended September 30, 2012 compared to nine months ended September 30, 2011

	Nine Months Ended September 30,		Change
	2012	2011	
	(000s)		
Revenues, net	\$ 2,577	\$ 1,534	\$ 1,043
Cost of goods sold	1,015	684	331
Operating expenses	12,315	4,117	8,198
Operating loss	(10,753)	(3,267)	(7,486)
Loss on extinguishment of debt	(10,505)	-0-	(10,505)
Beneficial conversion feature	(6,717)	-0-	(6,717)
Other income (expense), net	(1,418)	(61)	(1,357)
Net loss	<u>\$ (29,393)</u>	<u>\$ (3,328)</u>	<u>\$ (26,065)</u>

Revenues and Cost of Goods Sold

Revenues for the nine months ended September 30, 2012 increased \$1,043,000, or approximately 68%, from the nine months ended September 30, 2011. This increase was directly attributable to the (i) increase in the number of sales territories, (ii) the associated increase in number of sales people selling in those territories and (iii) the new prescription product introduced in March 2012. Cost of goods sold increased \$331,000, or approximately 48%, for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011. Cost of goods sold as a percentage of revenues was 39% and 45% for the nine months ended September 30, 2012 and 2011, respectively. Approximately 76% of this increase was due to an increase in the amount of product sold and approximately 24% of the increase was related to product mix. The Company's costs of individual products did not change for the nine months ended September 30, 2012 as compared to the same period in 2011.

Operating Expenses

The Company's principal operating costs include the following items as a percentage of total expense.

	Nine Months Ended September 30,	
	2012	2011
Human resource costs, including commission, benefits and taxes	36.0%	61.4%
Product design and development costs	20.9%	6.2%
Sales and marketing, excluding human resource costs	19.2%	16.9%
Professional fees for legal, accounting and consulting	8.8%	3.4%
Non-cash costs	10.3%	4.0%
Other operating expenses	4.8%	8.1%

Operating expenses increased by \$8.2 million (199%) as a result of the following items:

	(000s)
Increase in human resource costs, including commission, benefits and taxes	\$ 2,309
Increase in product design and development costs	2,323
Increase in sales and marketing, excluding human resource costs	1,659
Increase in non-cash costs	1,099
Increase in legal, accounting and consulting fees	669
Increase in other operating expenses	139
	<u>\$ 8,198</u>

Human resource related costs, including salaries, commission, benefits and taxes was higher as a result of an increase of 17 employees between the two periods (approximately \$1,843,000) and increased sales commissions of approximately \$466,000.

Product design and development costs increased as a direct result of our new hormone replacement therapy and prescription prenatal products.

Professional fees increased primarily due to higher legal fees arising from contract and patent services and public company filing related costs (approximately \$409,000). The Company experienced higher accounting and audit costs related to preparation of audits and public company filing related costs (approximately \$51,000). Consulting costs were also higher as a result of new product development, opening new sales territories and the additional resources needed for public company filings (approximately \$209,000).

Sales and marketing costs increased due to the addition of new sales territories and expanded client education.

Non-cash costs were higher as the result of the Warrants issued for services (approximate fair value of \$236,000) and additional costs related to the issuance of Options (approximate fair value of \$863,000).

Loss on extinguishment of debt

In February 2012 (as described above), the Company issued the February 2012 Notes in the aggregate of approximately \$2,700,000 and granted the February 2012 Warrants for the purchase of an aggregate of 9,000,000 shares. As consideration for the February 2012 Notes and the February 2012 Warrants, the Company received \$1,000,000 of new funding and the surrender of certain promissory notes previously issued by the Company in the aggregate amount of approximately \$1,700,000 (the "Prior Notes"). The Company determined that the resulting modification of the February 2012 Notes was substantial in accordance with ASC 470-50, "*Modifications and Extinguishments*." As such the modification was accounted for as an extinguishment and restructuring of the debt, and the February 2012 Warrants issued, valued at approximately \$10,500,000, were expensed as loss on the extinguishment of debt. The relative fair value of the Prior Notes was estimated to be \$1,500,000 by calculating the present value of future cash flows discounted at a market rate of return for comparable debt instruments. The Company recognized a reduction in loss on extinguishment of debt in the amount of \$200,000, which represented the difference between the net carrying amount of the February Funding and its fair value. See NOTE 9 – NOTES PAYABLE and NOTE 10 – STOCKHOLDERS' EQUITY, Warrants in the accompanying condensed consolidated financial statements for more details.

Beneficial Conversion Feature

Beneficial conversion feature of approximately \$6,717,000 consists of non-cash costs associated with the conversion of approximately \$1,055,000 in debt into 2,775,415 shares of the Company's Common Stock.

Other Income (Expense), net

Other non-operating expense increased by approximately \$1,357,000 for the nine months ended September 30, 2012 in comparison to the same period in 2011 due primarily to the addition of amortization of debt discount not incurred during 2011.

Liquidity and Capital Resources

As of September 30, 2012, the Company had a working capital deficit of approximately \$2,196,000, our accumulated deficit was approximately \$46,386,000 and our stockholders' deficit was approximately \$4,334,000. We began the operation of our current business plan in June 2008 and have not yet attained a level of revenue to allow us to meet our current overhead and there is no assurance that such a level can ever be achieved. We currently do not have financial resources adequate for the next twelve-month period.

We are dependent upon obtaining additional financing in order to adequately fund working capital, drug development, infrastructure, manufacturing expenses and significant marketing/investor related expenditures to gain market recognition so that we can achieve a level of revenue adequate to support our cost structure, none of which can be assured.

We expect to spend substantial amounts on research and development, including amounts spent on conducting clinical trials for our product candidates. Further, we do not have sufficient resources to develop fully any new products or product candidates unless we are able to raise substantial additional financing on acceptable terms or secure funds from new or existing partners.

We expect to increase the market penetration of our current products and expand our product base of prescription products which will necessitate an increase in inventory levels.

We believe that we will be able to meet the costs of growth and public reporting with funds generated through debt and equity financing and operations.

We cannot be assured that financing will be available on favorable terms or at all. If additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities would result in dilution to our existing stockholders. Additionally, these conditions may increase costs to raise capital and/or result in further dilution. Our failure to raise capital when needed would adversely affect our business, financial condition and results of operations, and could force us to reduce or cease our operations. If additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities would result in dilution to our existing stockholders. These conditions raise substantial doubt about our ability to continue as a going concern. Even if we are successful in raising additional capital to meet our obligations and otherwise continue operations, our business will still require substantial additional investment that we have not yet secured.

Off-Balance Sheet Arrangements

None.

New Accounting Pronouncements

There have been no material changes to the Company's significant accounting policies as summarized in Note B of the Company's Annual Report on Form 10-K for the year ended December 31, 2011. The Company does not expect that the adoption of any recent accounting pronouncements will have a material impact on its condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act, and as such, is not required to provide the information required under this item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms and is accumulated and communicated to our principal executive officer and principal financial officer, as appropriate, in order to allow timely decisions in connection with required disclosure.

Evaluation of Disclosure Controls and Procedures

Robert G. Finizio and Daniel A. Cartwright, currently serving as the Company's Chief Executive Officer and Chief Financial Officer respectively, evaluated the effectiveness of the design and operation of our Company's disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) as of the end of the period covered by this quarterly report. Based on such evaluation, they concluded that the Company's disclosure controls and procedures are not effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC's rules and forms. This conclusion is based on findings that constituted material weaknesses. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's interim financial statements will not be prevented or detected on a timely basis. These material weaknesses include our inability to achieve the optimal level of segregation of duties relative to key financial reporting functions.

Our Chief Executive Officer and Chief Financial Officer will continue to perform or supervise the performance of additional accounting and financial analyses and other post-closing procedures including detailed validation work with regard to balance sheet account balances, additional analysis on income statement amounts and managerial review of all significant account balances and disclosures, to ensure that the Company's Quarterly and Annual Reports and the financial statements forming part thereof are in accordance with accounting principles generally accepted in the United States of America.

Changes in Internal Controls

During the three months ended September 30, 2012, there were no significant changes in the Company's internal control over financial reporting that has affected, or is reasonably likely to affect, the Company's internal control over financial reporting, or other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

The Company is a smaller reporting company and is not required to provide the information required by this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuance of Non-Qualified Stock Options ("Options")

On September 13, 2012, the Company issued ten-year Options to employees and consultants for the purchase of an aggregate of 391,750 shares with an exercise price of \$3.40. An aggregate of 7,500 shares available under the Options vest over a four-year period on anniversary of issuance, an aggregate of 115,000 shares vest over a two-year period on the anniversary of issuance, 2,500 shares vest over a one-year period on the anniversary of issuance, and 166,250 vest immediately.

Exercise of Options

On July 5, 2012, a consultant exercised an Option to purchase 21,338 shares of the Company's Common Stock at an exercise price of \$0.18738 per share. All shares under the Option were purchased through a cashless exercise provision wherein the consultant surrendered his right to receive 1,428 shares resulting in the issuance of 19,910 shares. The shares are covered by a lock-up agreement.

On July 11, 2012, a consultant exercised an Option to purchase 30,685 shares of the Company's Common Stock at an exercise price of \$0.407355 per share for a purchase price of \$12,459.69. The shares are covered by a lock-up agreement.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit	Date	Description
2.1	July 6, 2009	Agreement and Plan of Reorganization among Croff Enterprises, Inc., AMHN Acquisition Corp., America's Minority Health Network, Inc., and the Major Shareholders. ⁽¹⁾
2.2	June 11, 2010	Agreement and Plan of Reorganization (for the acquisition of Spectrum Health Network, Inc.) ⁽²⁾
2.3	October 25, 2007	Croff Enterprises, Inc. Plan of Corporate Division and Reorganization ⁽³⁾
2.4	July 18, 2011	Agreement and Plan of Merger by and among AMHN, Inc., VitaMedMD, LLC and VitaMed Acquisition, LLC ⁽⁹⁾
3.1	September 14, 2009	Articles of Amendment to Articles of Incorporation (to change name to AMHN, Inc.) ⁽⁴⁾
3.2	July 27, 2009	Certificate of Merger of AMHN Acquisition Corp. with and into America's Minority Health Network, Inc. ⁽⁵⁾
3.3	December 7, 2007	Articles of Amendment of Croff Enterprises, Inc. (to increase authorized common shares from 20,000,000 to 50,000,000) ⁽³⁾
3.4	July 20, 2010	Articles of Conversion filed in the State of Nevada ⁽⁶⁾
3.5	July 20, 2010	Articles of Incorporation filed in the State of Nevada ⁽⁶⁾
3.6	August 3, 2010	Certificate of Amendment and Restatement to the Articles of Incorporation of AMHN, Inc. (to change name and increase authorized shares)
3.7	n/a	Bylaws for the State of Nevada ⁽⁷⁾
4.1	September 26, 2012	Securities Purchase Agreement, form of ⁽²¹⁾
10.1	November 9, 2010	Promissory Note to Philip M. Cohen for \$210,000 ⁽⁸⁾
10.2	April 18, 2011	Convertible Promissory Note to First Conquest Investment Group, L.L.C. for \$105,000 ⁽⁸⁾
10.3	April 18, 2011	Convertible Promissory Note to Energy Capital, LLC for \$105,000 ⁽⁸⁾
10.4	May 7, 2011	Sales Representation Agreement with Mann Equity, LLC ⁽⁸⁾
10.5	July 9, 2011	Lease Agreement ⁽¹⁰⁾
10.6	September 8, 2011	Stock Purchase Agreement between the Company and Pernix Therapeutics, LLC ⁽¹⁰⁾
10.7	September 8, 2011	Lock-Up Agreement between the Company and Pernix Therapeutics, LLC ⁽¹⁰⁾
10.8	n/a	Common Stock Purchase Warrant, form of ⁽¹⁰⁾
10.9	n/a	Non-Qualified Stock Option, form of ⁽¹⁰⁾

10.10	September 2011	Convertible Promissory Note, form of ⁽¹²⁾
10.11	September 20, 2011	Lang Financing Agreement ⁽¹⁵⁾
10.12	October 18, 2011	Debt Conversion Agreement with Energy Capital, LLC ⁽¹¹⁾
10.13	October 18, 2011	Debt Conversion Agreement with First Conquest Investment Group, LLC ⁽¹¹⁾
10.14	October 21, 2011	Consulting Agreement with Lang Naturals, Inc. ⁽¹¹⁾
10.15	October 21, 2011	Warrant to Lang Naturals, Inc. ⁽¹¹⁾
10.16	October 21, 2011	Lock-Up Agreement with Lang Naturals, Inc. ⁽¹¹⁾
10.17	November 3, 2011	Software License Agreement with Pernix Therapeutics, LLC ⁽¹⁸⁾
10.18	November 18, 2011	Promissory Note, form of ⁽¹²⁾
10.19	February 24, 2012	Note Purchase Agreement between the Company and Johnson and Plato ⁽¹⁶⁾
10.20	February 24, 2012	Secured Promissory Note between the Company and Johnson and Plato, form of⁽¹⁶⁾
10.21	February 24, 2012	Security Agreement between the Company and Johnson and Plato ⁽¹⁶⁾
10.22	February 24, 2012	Common Stock Purchase Warrant to Johnson and Plato, form of ⁽¹⁶⁾
10.23	February 29, 2012	Audit Committee Charter ⁽¹⁷⁾
10.24	February 29, 2012	Compensation Committee Charter ⁽¹⁷⁾
10.25	February 29, 2012	Corporate Governance Committee Charter ⁽¹⁷⁾
10.26	April 17, 2012	Master Services Agreement with Sancilio and Company, Inc. ⁽²⁰⁾
10.27	May 17, 2012	Consulting Agreement with Sancilio and Company, Inc. ⁽²⁰⁾ **
10.28	November 8, 2012	Executive Employment Agreement, form of*
14.00	n/a	Code of Business Conduct and Ethics, form of ⁽⁵⁾
14.01	n/a	Code of Business Ethics for Financial Executives, form of ⁽⁵⁾
14.02	n/a	Insider Trading Policy, form of ⁽⁵⁾
16.1	December 14, 2011	Letter to the SEC from Parks & Company, LLC ⁽¹³⁾
16.2	February 1, 2012	Letter addressed to the SEC from Parks & Company, LLC ⁽¹⁴⁾
21.00	March 27, 2012	Subsidiaries of the Registrant ⁽¹⁹⁾
31.1	November 13, 2012	Certification of Chief Executive Officer of Periodic Report pursuant to Rule 13a-14a and Rule 14d-14(a)*
31.2	November 13, 2012	Certification of Chief Financial Officer of Periodic Report pursuant to Rule 13a-14a and Rule 14d-14(a)*
32.1	November 13, 2012	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350*
32.2	November 13, 2012	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350*
101.INS	n/a	XBRL Instance Document*†
101.SCH	n/a	XBRL Taxonomy Extension Schema Document*†
101.CAL	n/a	XBRL Taxonomy Extension Calculation Linkbase Document*†
101.DEF	n/a	XBRL Taxonomy Extension Definition Linkbase Document*†
101.LAB	n/a	XBRL Taxonomy Extension Label Linkbase Document*†
101.PRE	n/a	XBRL Taxonomy Extension Presentation Linkbase Document*†

- (1) Filed as an exhibit to Form 8-K filed with the Securities and Exchange Commission (the "Commission") on July 10, 2009 and incorporated herein by reference.
- (2) Filed as an exhibit to Current Report on Form 8-K filed with the Commission on June 14, 2010 and incorporated herein by reference.
- (3) Filed as an exhibit to Form 10-K for the year ended December 31, 2007 filed with the Commission on May 8, 2008 and incorporated herein by reference.
- (4) Filed as an exhibit to Form 10-Q for quarter ending September 30, 2009 filed with the Commission on November 16, 2009 and incorporated herein by reference.
- (5) Filed as an exhibit to Form 10-K filed with the Commission on March 17, 2010 and incorporated herein by reference.
- (6) Filed as an exhibit to Form 10-Q for quarter ending June 30, 2010 filed with the Commission on August 3, 2010 and incorporated herein by reference.
- (7) Filed as an exhibit to Definitive 14C Information Statement filed with the Commission on June 29, 2010 and incorporated herein by reference.
- (8) Filed as an exhibit to Form 10-Q for quarter ending March 30, 2011 filed with the Commission on May 19, 2011 and incorporated herein by reference.
- (9) Filed as an exhibit to Form 8-K filed with the Commission on July 21, 2011 and incorporated herein by reference.
- (10) Filed as an exhibit to Form 8-K filed with the Commission on October 11, 2011 and incorporated herein by reference.
- (11) Filed as an exhibit to Form 8-K filed with the Commission on October 24, 2011 and incorporated herein by reference.
- (12) Filed as an exhibit to Form 8-K filed with the Commission on November 18, 2011 and incorporated herein by reference.
- (13) Filed as an exhibit to Form 8-K filed with the Commission on January 25, 2012 and incorporated herein by reference.
- (14) Filed as an exhibit to Form 8-K filed with the Commission on February 1, 2012 and incorporated herein by reference.
- (15) Filed as an exhibit to Form 8-K/A filed with the Commission on February 2, 2012 and incorporated herein by reference.
- (16) Filed as an exhibit to Form 8-K filed with the Commission on February 24, 2012 and incorporated herein by reference.

⁽¹⁷⁾ Filed as an exhibit to Form 8-K filed with the Commission on February 29, 2012 and incorporated herein by reference.

⁽¹⁸⁾ Filed as an exhibit to Form 10-Q for quarter ending September 30, 2011 filed with the Commission on November 7, 2011 and incorporated herein by reference.

⁽¹⁹⁾ Filed as an exhibit to Form 10-K for year ending December 31, 2011 filed with the Commission on March 27, 2012 and incorporated herein by reference.

⁽²⁰⁾ Filed as an exhibit to Form 10-Q for quarter ending June 30, 2012 filed with the Commission on August 9, 2012 and incorporated herein by reference.

⁽²¹⁾ Filed as an exhibit to Form 8-K filed with the Commission on October 2, 2012 and incorporated herein by reference.

* Filed herewith.

** Certain information in this exhibit has been omitted and filed separately with the Commission. Confidential treatment was requested with respect to the omitted portions and was granted by the Commission on August 28, 2012.

† Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: November 13, 2012

TherapeuticsMD, Inc.

By: /s/ Robert G. Finizio
Robert Finizio
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Daniel A. Cartwright
Daniel A. Cartwright
Chief Financial Officer
(Principal Financial and Accounting Officer)

EMPLOYMENT AGREEMENT

This Agreement is made, entered into, and is effective as of the Effective Date, by and between the Company and the Executive.

Article 1. Term of Employment

1.1 The Company hereby agrees to employ the Executive and the Executive hereby agrees to serve the Company in accordance with the terms and conditions set forth herein, for a period of three years, commencing as of the Effective Date (such three year period, as it may be extended pursuant to Section 1.2, the "Term").

1.2 Commencing on the third anniversary of the Effective Date, and each anniversary thereafter, the Term shall automatically be extended for one additional year, unless at least 90 days prior to such anniversary, the Company or the Executive shall have given notice in accordance with Section 10.2 that it or he does not wish to extend the Term.

1.3 **Restricted Shares; Stock Options.** The Company shall grant to the Executive on the Employment Date the following long-term incentive awards:

(a) **Time-Based Stock Options.** On the Date of Grant a stock option to purchase _____ shares of the Company's common stock, with an exercise price equal to the closing price of the Company's common stock on the Date of Grant, a ten year term, and that will vest and become exercisable as follows: _____ on the first anniversary of the Employment Date; _____ on the second anniversary of the Employment Date; and _____ on the third anniversary of the Employment Date.

(b) **Performance-Based Stock Options.** A stock options to purchase shares in an amount to be determined of the Company's common stock, with an exercise price equal to the closing price of the Company's common stock on the date of grant, a ten year term, and that will vest and become exercisable upon the satisfaction of the performance conditions (which will provide for the opportunity to achieve vesting for all prior periods if the performance condition for an earlier year is not achieved) to be agreed by the Executive and the Company's Board of Directors. In the event of a termination by the Company without Cause or by the Executive for Good Reason, such stock options shall (i) cease to be exercisable and shall cease to continue vesting, but shall not terminate, on the 90th day following the Effective Date of Termination, (ii) become again exercisable from and after consummation of any CIC that is consummated on or prior to the one year anniversary of the Effective Date of Termination and (iii) shall terminate if a CIC is not consummated on or prior to the one year anniversary of the Effective Date of Termination; provided, however, that this sentence shall not in any event extend such stock options beyond the tenth anniversary of the date of grant. In the event that any such performance condition is not met by the specified date for achieving such performance condition (if any), the portion of such stock option subject to such performance condition shall remain outstanding and shall vest (subject to the Executive's continued employment by the Company) upon the earlier of (i) the fourth anniversary of the date of grant or (ii) a CIC.

1.4 **Registration of Common Stock; Equitable Adjustment.** Subsequent to any S-1 or S-3 registration statement filed the Company shall register Form S-8 to register the issuance to the Executive of the stock option described in Section 1.3(d) as soon as reasonably practicable following the execution of this Agreement. The Company use reasonable best efforts to maintain the effectiveness of the Form S-8s that cover the equity awards described in Section 1.3(d). The Company may issue all or a portion of the shares pursuant to the NASDAQ inducement grant exception and shall comply with the terms thereof.

Article 2. Definitions

2.01 "Agreement" means this Employment Agreement.

2.02 "Annual Bonus" means the annual bonus that may be paid to the Executive in accordance with the Company's annual bonus program as described in Section 5.3.

2.03 “Base Salary” means the salary of record paid to the Executive as annual salary, pursuant to Section 5.2, excluding amounts received under incentive or other bonus plans, whether or not deferred.

2.04 “Beneficial Owner” shall have the meaning ascribed to such term in Rule 13d-3 under the Securities Exchange Act.

2.05 “Beneficiary” means the persons or entities designated or deemed designated by the Executive pursuant to Section 12.6.

2.06 “Board” means the Board of Directors of the Company.

2.07 “Cause” means:

(a) Executive has materially breached any of the terms of this Agreement and failed to correct such breach within 15 days after written notice thereof from the Company;

(b) Executive has been convicted of a criminal offense involving a felony giving rise to a sentence of imprisonment;

(c) Executive has breached a fiduciary trust for the purpose of gaining a personal profit, including, without limitation, embezzlement; or

(d) Despite adequate warnings, Executive has intentionally and willfully failed to perform reasonably assigned duties within the normal and customary scope of the Position.

2.08 A “CIC” shall be deemed to have occurred as of the first day that any one or more of the following conditions is satisfied, provided, in each case, that such event constitutes a “Change of Control Event”:

(a) Any consolidation or merger in which the Company is not the continuing or surviving entity or pursuant to which shares of the Common Stock would be converted into cash, securities, or other property, other than (i) a merger of the Company in which the holders of the Common Stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (ii) a consolidation or merger which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (by being converted into voting securities of the continuing or surviving entity) more than 50% of the combined voting power of the voting securities of the continuing or surviving entity immediately after such consolidation or merger and which would result in the members of the Board immediately prior to such consolidation or merger (including for this purpose any individuals whose election or nomination for election was approved by a vote of at least two-thirds of such members) constituting a majority of the Board (or equivalent governing body) of the continuing or surviving entity immediately after such consolidation or merger;

(b) Any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the Company’s assets;

(c) The Company’s stockholders approve any plan or proposal for the liquidation or dissolution of the Company; or

(d) Any Person has become the Beneficial Owner of 35% or more of the Common Stock other than pursuant to a plan or arrangement entered into between such Person and the Company; or

2.09 “CIC Severance Benefits” means the payment of severance compensation associated with a Qualifying Termination occurring subsequent to a CIC, as described in Section 8.3.

2.10 “Code” means the Internal Revenue Code of 1986, as amended.

2.11 “Common Stock” means the common stock of the Company, \$.01 par value per share.

2.12 “Compensation Committee” means the Compensation Committee of the Board, or the committee appointed by the Board to perform the functions of such committee, or if no such committee exists, the Board.

2.13 "Company" means TherapeuticsMD, Inc., a Nevada corporation, or any Successor Company thereto as provided in Section 9.1.

2.14 "Date of Grant" means November 30, 2012.

2.15 "Director" means any individual who is a member of the Board.

2.16 "Disability" or "Disabled" has the meaning ascribed to such term in the Company's long-term disability plan, or in any successor to such plan.

2.17 "Effective Date" means November 8, 2012.

2.18 "Effective Date of Termination" means the date on which a termination of the Executive's employment occurs.

2.19 "Employment Date" means November 8, 2012.

2.20 "Executive" means Daniel Cartwright.

2.21 "Good Reason" shall mean, without the Executive's express written consent, the occurrence of any one or more of the following:

(a) A reduction of the Base Salary;

(b) A failure to maintain Executive's amount of benefits under or relative level of eligibility for participation in the Company's employee benefit or retirement plans, policies, practices, or arrangements in which the Executive participates as of the Effective Date of this Agreement, including any perquisite program; provided, however, that any such change that applies consistently to all executive officers of the Company or is required by applicable law shall be deemed not to constitute Good Reason;

(c) A failure to require any Successor Company to assume and agree to perform the Company's obligations hereunder;

(d) Requiring Executive to be based at a location that requires the Executive to travel more than an additional 50 miles per day;

(e) Requiring Executive to report to a position which is at a lower level than the highest level to which Executive reported within the six months prior to the CIC;

(f) Demoting Executive to a level lower than Executive's level in the Company as of the Effective Date;

(g) The Company's failure to extend the Term pursuant to Section 1.2 (if the Agreement would expire unless the Term is extended within such period), as evidenced by a Notice of Termination delivered by the Company to the Executive; or

(h) A material breach of any material provision of this Agreement by the Company or a Successor Company which is not cured within 30 days of receiving a written notice from the Executive with such notice explaining in reasonable detail the facts and circumstances claimed to provide a basis for the Executive's claim.

2.22 "Notice of Termination" means a written notice indicating the specific termination provision in this Agreement relied upon, and that sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated, and, where applicable, which shall specifically include notice pursuant to Section 1.2 that Company has elected not to extend the Term.

2.23 "Payment Date" shall have the meaning ascribed to it in Section 12.12.

2.24 "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Securities Exchange Act and used in Section 13(d) thereof, including a "group" as defined in Section 13(d) thereof.

2.25 "Position" shall have the meaning ascribed to it in Section 3.1.

2.26 “Qualifying Termination” means any of the events described in Section 8.2, the occurrence of which triggers the payment of CIC Severance Benefits hereunder.

2.27 “Release” shall have the meaning ascribed to it in Section 12.12.

2.28 “Securities Exchange Act” means the Securities Exchange Act of 1934, as amended.

2.29 “Severance Benefits” means the payment of severance compensation as provided in Sections 7.4 and 7.6, and not payable due to a CIC.

2.30 “Six-Month Payment Date” shall have the meaning ascribed to it in Section 10.1.

2.31 “Successor Company” means any company that (i) acquires more than 50% of the assets of the Company or (ii) acquires more than 50% of the outstanding stock of the Company, or (iii) is the surviving entity in the event of a CIC.

Article 3. Position and Responsibilities

3.1 During the Term, the Executive agrees to serve as _____ of the Company, reporting to the Board, or in such other position which Executive shall agree to accept or to which Executive shall be promoted during the Term (the “Position”).

Article 4. Standard of Care

4.1 During the Term, the Executive shall devote substantially his full time, attention, and energies to the Company’s business and shall not be engaged in any other business activity, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, unless such business activity is approved by the Board or Compensation Committee. However, subject to Article 11 and with the approval of the Compensation Committee, the Executive may serve as a director of up to three other companies so long as such service is not injurious to the Company.

Article 5. Compensation

5.1 As remuneration for all services to be rendered by the Executive during the Term, and as consideration for complying with the covenants herein, the Company shall pay and provide to the Executive those items set forth in Sections 5.2 through 5.8.

5.2 The Company shall pay the Executive a Base Salary in an amount established from time to time by the Board or the Compensation Committee; provided, however, that such Base Salary shall not be at an annualized rate of less than \$257,100 per year.

(a) This Base Salary shall be paid to the Executive in equal installments throughout the year, consistent with the normal payroll practices of the Company.

(b) The Base Salary shall be reviewed at least annually during the Term, to ascertain whether, in the judgment of the Board or Compensation Committee, such Base Salary should be changed based primarily on the performance of the Executive during the year.

5.3 Annual Bonus. In addition to the Base Salary, the Executive shall be entitled to participate in the Company’s annual short-term incentive program, as such program may exist from time to time, at a level commensurate with the Position. The percentage of Base Salary targeted as annual short-term incentive compensation shall be 30% of Base Salary (the “Targeted Annual Bonus Award”). The Executive acknowledges that the amount of annual short-term incentive, if any, to be awarded shall be at the sole discretion of the Board or Compensation Committee, may be less or more than the Targeted Annual Bonus Award, and will be based on a number of factors set in advance by the Board or Compensation Committee for each calendar year, including the Company’s performance and the Executive’s individual performance. Nothing in this Section 5.3 shall be construed as obligating the Company, the Board or the Compensation Committee to refrain from changing, and/or amending the short-term incentive program, so long as such changes are equally applicable to all executive employees of the Company.

5.4 Long-Term Incentives. The Executive shall be eligible to participate in the Company's long-term incentive plan, as such shall be amended or superseded from time to time; provided, however, that nothing in this Section 5.4 shall be construed as obligating the Company, the Board or the Compensation Committee to refrain from changing, and/or amending the long-term incentive plan, so long as such changes are equally applicable to all executive employees of the Company.

5.5 Retirement Benefits. The Company shall permit the Executive to participate in any Company qualified defined benefit and defined contribution retirement plans as may be established during the Term; provided, however, that nothing in this Section 5.5 shall be construed as obligating the Company, the Board or the Compensation Committee to refrain from changing, and/or amending the nonqualified retirement programs, so long as such changes are equally applicable to all executive employees of the Company.

5.6 Employee Benefits. During the Term, and as otherwise provided within the provisions of each of the respective plans, the Company shall make available to the Executive all benefits to which other executives and employees of the Company are entitled to receive, as commensurate with the Position, subject to the eligibility requirements and other provisions of such arrangements as applicable to executives of the Company generally.

(a) Such benefits shall include, but shall not be limited to, comprehensive health and major medical insurance, dental and life insurance, and short-term and long-term disability, all premiums of the afore mentioned benefits will be paid by the Company.

(b) The Executive may likewise participate in any additional benefit as may be established during the Term, by written policy of the Company.

5.7 Vacation. The Executive shall accrue such paid vacation as is customary for the Position in corporate institutions of similar size and character in the determination of the Board or Compensation Committee, but in any event not less than 20 paid vacation days during each calendar year (subject to pro-ration in calendar year 2011); provided, however, that with prior approval of the Board or Compensation Committee, Executive may carry forward into the next year up to 15 unused vacation days from the current year.

5.8 Perquisites. The Company shall provide to the Executive, at the Company's expense, such perquisites as the Board or Compensation Committee may determine from time to time to provide.

5.9 Right to Change Plans. The Company shall not be obligated to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan, program, or perquisite, so long as such changes are equally applicable to all executive employees of the Company.

Article 6. Expenses

6.1 Upon presentation of appropriate documentation, the Company shall pay, or reimburse the Executive for all ordinary and necessary expenses, in a reasonable amount, which the Executive incurs in performing his duties under this Agreement including, but not limited to, travel, entertainment, professional dues and subscriptions, and dues, fees, and expenses associated with membership in appropriate professional, business, and civic associations and societies.

Article 7. Employment Terminations

7.1 Termination Due to Death. In the event the Executive's employment is terminated during the Term by reason of death, subject to Section 7.1(g), the Company's obligations under this Agreement shall immediately expire. Notwithstanding the foregoing, the Company shall be obligated to pay to the Executive the following:

(a) Base Salary through the Effective Date of Termination;

(b) An amount equal to the Executive's unpaid Targeted Annual Bonus Award, established for the fiscal year in which such termination is effective, multiplied by a fraction, the numerator of which is the number of completed days in the then-existing fiscal year through the Effective Date of Termination, and the denominator of which is 365;

(c) All outstanding equity awards granted to the Executive that vest based solely on the passage of time (rather than performance conditions) shall become fully vested and exercisable, as applicable, and all restrictions to which such awards may be subject shall immediately lapse;

(d) Accrued but unused vacation pay through the Effective Date of Termination; and

(e) All other rights and benefits the Executive is vested in, pursuant to other plans and programs of the Company.

(f) The benefits described in Sections 7.1(a), (b) and (d) shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Effective Date of Termination, but in no event more than 30 days after such date. All other payments due to the Executive upon termination of employment, including those described in Sections 7.1(c) and (e), shall be paid in accordance with the terms of such applicable plans or programs.

(g) With the exception of Articles 8, 9, 10, 12 and 13 and Section 7.1 (which shall survive such termination), the Company and the Executive shall have no further obligations under this Agreement following the Effective Date of Termination pursuant to this Section 7.1.

7.2 Termination Due to Disability. In the event that the Executive becomes Disabled during the Term and is, therefore, unable to perform his duties for more than 180 total calendar days during any period of 12 consecutive months, or in the event of the Board's reasonable expectation that the Executive's Disability will exist for more than a period of 180 calendar days, the Company shall have the right to terminate the Executive's employment as provided in this Section 7.2.

(a) The Board shall deliver written notice to the Executive of the Company's intent to terminate for Disability at least 30 calendar days prior to the Effective Date of Termination.

(b) Determinations of Executive's Disability shall be determined by the Board upon receipt of and in reliance on competent medical advice from one or more individuals, selected by the Board who are qualified to give such professional medical advice.

(c) A termination for Disability shall become effective upon the end of the 30-day notice period. Upon the Effective Date of Termination, subject to Section 7.2(f), the Company's obligations under this Agreement shall immediately expire.

(d) Notwithstanding the foregoing, the Company shall be obligated to pay to the Executive the following:

(1) Base Salary through the Effective Date of Termination;

(2) An amount equal to the Executive's unpaid Targeted Annual Bonus Award established for the fiscal year in which the Effective Date of Termination occurs, multiplied by a fraction, the numerator of which is the number of completed days in the then-existing fiscal year through the Effective Date of Termination, and the denominator of which is 365;

(3) All outstanding equity awards granted to the Executive that vest based solely on the passage of time (rather than performance conditions) shall become fully vested and exercisable, as applicable, and all restrictions to which such awards may be subject shall immediately lapse;

(4) Accrued but unused vacation pay through the Effective Date of Termination; and

(5) All other rights and benefits the Executive is vested in, pursuant to other plans and programs of the Company.

(e) The benefits described in Sections 7.2(d)(1) and (d)(4) shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Effective Date of Termination, but in no event later than 30 days after such date. The payments due to the Executive under Section 7.2(d)(2) shall be paid in a lump sum on the Payment Date (as defined in Section 12.12). All other payments due to the Executive upon termination of employment, including those in Sections 7.2(d)(3) and (d)(5), shall be paid in accordance with the terms of such applicable plans or program.

(f) With the exception of the covenants contained in Articles 8, 9, 10, 11, 12 and 13 and Section 7.2 (which shall survive such termination), the Company and the Executive thereafter shall have no further obligations under this Agreement following the Effective Date of Termination pursuant to this Section 7.2.

7.3 Voluntary Termination by the Executive. The Executive may terminate this Agreement at any time by giving Notice of Termination to the Board, delivered at least 14 calendar days prior to the Effective Date of Termination.

(a) The termination automatically shall become effective upon the expiration of the 14-day notice period. Notwithstanding the foregoing, the Company may waive the 14-day notice period; provided, however, that the Executive shall be entitled to receive all elements of compensation described in Sections 5.1 through 5.6 for the 14-day notice period, subject to the eligibility and participation requirements of any qualified retirement plan.

(b) Upon the Effective Date of Termination, following the expiration of the 14-day notice period, the Company shall pay the Executive his full Base Salary and accrued but unused vacation pay, at the rate then in effect, through the Effective Date of Termination, plus all other benefits to which the Executive has a vested right at that time (for this purpose, the Executive shall not be paid any Annual Bonus with respect to the fiscal year in which voluntary termination under this Section occurs).

(c) With the exception of Articles 8, 9, 10, 11, 12 and 13 and Section 7.3 (which shall survive such termination), the Company and the Executive thereafter shall have no further obligations under this Agreement following the Effective Date of Termination pursuant to this Section 7.3.

7.4 Involuntary Termination by the Company without Cause. At all times during the Term, the Board may terminate the Executive's employment for reasons other than death, Disability or Cause, by providing to the Executive a Notice of Termination, at least 60 calendar days prior to the Effective Date of Termination; provided, however, that such notice shall not preclude the Company from requiring Executive to leave the Company immediately upon receipt of such notice.

(a) Such Notice of Termination shall be irrevocable absent express, mutual consent of the parties.

(b) Upon the Effective Date of Termination (not a Qualifying Termination), following the expiration of the 60-day notice period, the Company shall pay and provide to the Executive in equal installments on a biweekly basis ratably over 52 weeks:

(1) An amount equal to the Executive's annual Base Salary established for the fiscal year in which the Effective Date of Termination occurs;

(2) An amount equal to the Executive's Targeted Annual Bonus Award established for the fiscal year in which the Effective Date of Termination occurs;

(3) A continuation of the welfare benefits of health care, life and accidental death and dismemberment, and disability insurance coverage (or if continuation under the Company's then current plans is not allowed, then provision at the Company's expense but subject to payment by Executive of those payments which Executive would have been obligated to make under the Company's then current plan, of substantially similar welfare benefits from one or more third party providers) after the Effective Date of Termination for one year. Such benefits (or payments in lieu thereof) shall be provided or paid in accordance with the Company's regular payroll practice applicable to such benefits. These benefits shall be provided to the Executive at the same coverage level as in effect as of the Effective Date of Termination, and at the same premium cost to the Executive which was paid by the Executive at the time such benefits were provided. However, in the event the premium cost and/or level of coverage shall change for all employees of the Company, or for management employees with respect to supplemental benefits, the cost and/or coverage level, likewise, shall change for the Executive in a corresponding manner. The continuation of these welfare benefits shall be discontinued if prior to the expiration of the period, the Executive has available substantially similar benefits at a comparable cost to the Executive from a subsequent employer, as determined by the Board or Compensation Committee;

(4) All outstanding equity awards granted to the Executive that vest based solely on the passage of time (rather than performance conditions) shall become fully vested and exercisable, as applicable, and all restrictions to which such awards may be subject shall immediately lapse;

(5) If a CIC is consummated on or prior to the first anniversary of the Effective Date of Termination, then, prior to the consummation of such CIC, (i) the Company shall deliver to the Executive, in exchange for no consideration, the number of shares of the Company's common stock forfeited upon termination of employment pursuant to unvested performance-based restricted stock awards and (ii) all other equity awards held by the Executive shall accelerate in full;

(6) An amount equal to the Executive's unpaid Base Salary and accrued but unused vacation pay through the Effective Date of Termination; and

(7) All other benefits to which the Executive has a vested right at the time, according to the provisions of the governing plan or program.

(a) In the event that the Board terminates the Executive's employment without Cause on or after the date of the announcement of the transaction which leads to a CIC, the Executive shall be entitled to the CIC Severance Benefits as provided in Section 8.3 in lieu of the Severance Benefits outlined in this Section 7.4; provided, however, that to the extent the Executive terminates employment prior to the CIC, the CIC Severance Benefits shall be paid on the same schedule as the Severance Benefits.

(b) Except as specifically provided in Section 7.4(f), all other payments due to the Executive upon termination of employment shall be paid in accordance with the terms of such applicable plans or programs.

(c) With the exception of Articles 8, 9, 10, 11 and 12 and Section 7.4 (which shall survive such termination), the Company and the Executive thereafter shall have no further obligations under this Agreement following the Effective Date of Termination pursuant to this Section 7.4.

(d) Notwithstanding anything herein to the contrary, and subject to the provisions of Section 409A of the Code, the Company's payment obligations under this Section 7.4 shall be offset by any amounts that the Company is required to pay to the Executive under a national statutory severance program applicable to such Executive.

7.5 Termination for Cause. Nothing in this Agreement shall be construed to prevent the Board from terminating the Executive's employment under this Agreement for Cause.

(a) To be effective, the Notice of Termination must set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination for Cause.

(b) In the event this Agreement is terminated by the Board for Cause, the Company shall pay the Executive his Base Salary and accrued vacation pay through the Effective Date of Termination, and the Executive shall immediately thereafter forfeit all rights and benefits (other than vested benefits) he would otherwise have been entitled to receive under this Agreement. The Company and the Executive thereafter shall have no further obligations under this Agreement following the Effective Date of Termination pursuant to this Section 7.5 with the exception of the covenants contained in Articles 8, 9, 10, 11 and 12 and Section 7.5 (which shall survive such termination).

7.6 Termination for Good Reason. The Executive shall have 90 days from the date he learns of action taken by the Company that allows the Executive to terminate his employment for Good Reason to provide the Board with a Notice of Termination.

(a) The Notice of Termination must set forth in reasonable detail the facts and circumstances claimed to provide a basis for such Good Reason termination.

(b) The Company shall have 30 days to cure such Company action following receipt of the Notice of Termination.

(c) The Executive is required to continue his employment for the 90-day period following the date in which he provided the Notice of Termination to the Board. The Company may waive the 90-day notice period; however, the Executive shall be entitled to receive all elements of compensation described in Sections 5.2, 5.4, 5.5 and 5.6 for the 90-day notice period, subject to the eligibility and participation requirements of any qualified retirement plan.

(d) Upon a termination of the Executive's employment for Good Reason during the Term, and following the expiration of the 90-day notice period, the Company shall pay and provide to the Executive the following in equal installments on a biweekly basis ratably over 52 weeks:

(1) An amount equal to the Executive's annual Base Salary established for the fiscal year in which the Effective Date of Termination occurs;

(2) An amount equal to the Executive's Targeted Annual Bonus Award established for the fiscal year in which the Effective Date of Termination occurs;

(3) A continuation of the welfare benefits of health care, life and accidental death and dismemberment, and disability insurance coverage for two years after the Effective Date of Termination (or if continuation under the Company's then current plans is not allowed, then provision at the Company's expense but subject to payment by Executive of those payments which Executive would have been obligated to make under the Company's then current plan, of substantially similar welfare benefits from one or more third party providers). Such benefits (or payments in lieu thereof) shall be provided or paid in accordance with the Company's regular payroll practice applicable to such benefits. These benefits shall be provided to the Executive at the same coverage level, as in effect as of the Effective Date of Termination and at the same premium cost to the Executive which was paid by the Executive at the time such benefits were provided. However, in the event the premium cost and/or level of coverage shall change for all employees of the Company, or for management employees with respect to supplemental benefits, the cost and/or coverage level, likewise, shall change for the Executive in a corresponding manner. The continuation of these welfare benefits shall be discontinued prior to the end of the one-year period in the event the Executive has available substantially similar benefits at a comparable cost to the Executive from a subsequent employer, as determined by the Board or Compensation Committee;

(4) All outstanding equity awards granted to the Executive that vest based solely on the passage of time (rather than performance conditions) shall become fully vested and exercisable, as applicable, and all restrictions to which such awards may be subject shall immediately lapse;

(5) If a CIC is consummated on or prior to the first anniversary of the Effective Date of Termination, then, prior to the consummation of such CIC, (i) the Company shall deliver to the Executive, in exchange for no consideration, the number of shares of the Company's common stock forfeited upon termination of employment pursuant to unvested performance-based restricted stock awards and (ii) all other equity awards held by the Executive shall accelerate in full;

(6) An amount equal to the Executive's unpaid Base Salary and accrued but unused vacation pay through the Effective Date of Termination; and

(7) All other benefits to which the Executive has a vested right at the time, according to the provisions of the governing plan or program.

(e) In the event of termination of Executive's employment for Good Reason on or after the date of the announcement of the transaction which leads to the CIC and up to 12 months following the date of the CIC, the Executive shall be entitled to the CIC Severance Benefits as provided in Section 8.3 in lieu of the Severance Benefits outlined in this Section 7.6; provided, however, that to the extent the Executive terminates employment prior to the CIC, the CIC Severance Benefits shall be paid on the same schedule as the Severance Benefits.

(f) The Executive's right to terminate employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness unless such incapacity is determined to constitute a Disability as provided herein.

(g) Except as specifically provided in Section 7.6(g), all other payments due to the Executive upon termination of employment shall be paid in accordance with the terms of such applicable plans or programs.

(h) With the exceptions of Articles 8, 9, 10, 11 and 12 and Section 7.6 (which shall survive such termination), the Company and the Executive thereafter shall have no further obligations under this Agreement following the Effective Date of Termination pursuant to this Section 7.6.

Article 8. Change in Control

8.1 Employment Termination Following a CIC. The Executive shall be entitled to receive from the Company CIC Severance Benefits if a Notice of Termination for a Qualifying Termination of the Executive has been delivered; provided, that:

(a) The Executive shall not be entitled to receive CIC Severance Benefits if he is terminated for Cause (as provided in Section 7.5), or if his employment with the Company ends due to death, or Disability, or due to voluntary termination of employment by the Executive without Good Reason.

(b) CIC Severance Benefits shall be paid in lieu of all other benefits provided to the Executive under the terms of this Agreement.

8.2 Qualifying Termination. The occurrence of any one or more of the following events on or after the date of the announcement of the transaction which leads to the CIC and up to 12 months following the date of the CIC shall trigger the payment of CIC Severance Benefits to the Executive under this Agreement:

(a) An involuntary termination of the Executive's employment by the Company for reasons other than Cause, death, or Disability, as evidenced by a Notice of Termination delivered by the Company to the Executive; or

(b) A voluntary termination by the Executive for Good Reason as evidenced by a Notice of Termination delivered to the Company by the Executive.

8.3 Severance Benefits Paid upon a Qualifying Termination. In the event the Executive becomes entitled to receive CIC Severance Benefits, the Company shall pay to the Executive and provide him the following:

(a) An amount equal to 1.5 times the Executive's annual Base Salary established for the fiscal year in which the Effective Date of Termination occurs;

(b) An amount equal to 1.5 times the Executive's Targeted Annual Bonus Award established for the fiscal year in which the Executive's Effective Date of Termination occurs;

(c) An amount equal to the Executive's unpaid Base Salary and accrued but unused vacation pay through the Effective Date of Termination;

(d) All outstanding long-term incentive awards and warrants shall accelerate and become fully vested;

(e) A continuation of the welfare benefits of health care, life and accidental death and dismemberment, and disability insurance coverage for 1.5 years after the Effective Date of Termination (or if continuation under the Company's then current plans is not allowed, then provision at the Company's expense but subject to payment by Executive of those payments which Executive would have been obligated to make under the Company's then current plan, of substantially similar welfare benefits from one or more third-party providers). Such benefits (or payments in lieu thereof) shall be provided or paid in accordance with the Company's regular payroll practice applicable to such benefits.

(1) These benefits shall be provided to the Executive at the same coverage level, as in effect as of the Effective Date of Termination or, if greater, as in effect 90 days prior to the date of the CIC, and at the same premium cost to the Executive which was paid by the Executive at the time such benefits were provided.

(2) In the event the premium cost and/or level of coverage shall change for all employees of the Company, or for management employees with respect to supplemental benefits, the cost and/or coverage level, likewise, shall change for the Executive in a corresponding manner.

(3) The continuation of these welfare benefits shall be discontinued prior to the end of the 1.5-year period in the event the Executive has available substantially similar benefits at a comparable cost to the Executive from a subsequent employer, as determined by the Board or Compensation Committee.

8.4 Form and Timing of Severance Benefit. Payment of all of the benefits described in Sections 8.3(a) through (c) shall be paid in cash to the Executive in a single lump sum on the Payment Date. All other payments due to the Executive upon termination of employment shall be paid in accordance with the terms of such applicable plans or programs.

8.5 Long-Term Incentive Awards. In the event of a CIC during the Term, all outstanding long-term incentive awards held by the Executive shall immediately accelerate and become fully vested.

8.6 With the exceptions of Articles 8, 9, 10 and 11 (which shall survive such termination), the Company and the Executive thereafter shall have no further obligations under this Agreement following the Effective Date of Termination pursuant to this Article 8.

Article 9. Assignment

9.1 Assignment by Company. This Agreement may and shall be assigned or transferred to, and shall be binding upon and shall inure to the benefit of any Successor Company.

(a) Any such Successor Company shall be deemed substituted for all purposes as the “Company” under the terms of this Agreement.

(b) Failure of the Company to obtain the agreement of any Successor Company to be bound by the terms of this Agreement prior to the effectiveness of any such succession shall be a breach of this Agreement, and shall immediately entitle the Executive to benefits from the Company in the same amount and on the same terms as the Executive would be entitled to receive in the event of a termination of employment for Good Reason as provided in Section 7.7 (failure not related to a CIC) or Section 8.3 (if the failure of assignment follows or is in connection with a CIC).

(c) Except as herein provided, this Agreement may not otherwise be assigned by the Company.

9.2 Assignment by Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees, and legatees.

(a) If the Executive dies while any amount would still be payable to him pursuant to this Agreement had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive’s Beneficiary.

(b) If the Executive has not named a Beneficiary, then such amounts shall be paid to the Executive’s devisee, legatee, or other designee, or if there is no such designee, to the Executive’s estate.

Article 10. Legal Fees and Notice

10.1 Payment of Legal Fees. To the extent permitted by law, the Company shall pay all legal fees, costs of litigation, prejudgment interest, and other expenses incurred by Executive in contesting a termination, if Executive prevails. The Company shall also pay the reasonable attorney fees incurred by the Executive in the negotiation of this Agreement.

10.2 Notice. Any notices, requests, demands, or other communications provided by this Agreement shall be sufficient if in writing and if sent by registered or certified mail to the Executive at the last address he has filed in writing with the Company or, in the case of the Company, at its principal offices to the attention of the Chief Executive Officer.

Article 11. Confidentiality and Noncompetition

11.1 Disclosure of Information. The Executive recognizes that he has access to and knowledge of confidential and proprietary information of the Company that is essential to the performance of his duties under this Agreement.

(a) The Executive will not, during and for five years after the Term, in whole or in part, disclose such information to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever, nor shall he make use of any such information for his own purposes, so long as such information has not otherwise been disclosed to the public or is not otherwise in the public domain except as required by law or pursuant to administrative or legal process.

11.2 Covenants Regarding Other Employees. During the Term, and for a period of 12 months following the Executive's termination of employment for any reason, the Executive agrees not to actively solicit any employee of the Company to terminate his or her employment with the Company or to interfere in a similar manner with the business of the Company.

11.3 Noncompete Following a Termination of Employment. From the Effective Date of this Agreement until one year following the Executive's Effective Date of Termination for any reason, the Executive will not: (a) directly or indirectly own any equity or proprietary interest in (except for ownership of shares in a publicly traded company not exceeding 3% of any class of outstanding securities), or be an employee, agent, director, advisor, or consultant to or for any Pharmaceutical Company or competitor of the Company, whether on his own behalf or on behalf of any person; or (b) undertake any action to induce or cause any customer or client to discontinue any part of its business with the Company. The Company shall have the right to extend the Noncompete for 1 year by compensating the executive for an additional 12 months under the same terms as required under this contract.

11.4 Waiver of Covenants Upon a CIC. Upon the occurrence of a CIC, the Executive shall be released from each of the covenants set forth in Sections 11.2 and 11.3, if such Executive is terminated by the Company without Cause or if the Executive terminates his employment with the Company for Good Reason.

Article 12. Miscellaneous

12.1 Entire Agreement. With the exception of the Company's Proprietary Information and Inventions Agreement previously executed by Executive, this Agreement supersedes any prior agreements, or understandings, oral or written, between the parties hereto or between the Executive and the Company, with respect to the subject matter hereof, and constitutes the entire agreement of the parties with respect thereto.

12.2 Modification. This Agreement shall not be varied, altered, modified, canceled, changed, or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties hereto or their legal representatives.

12.3 Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

12.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

12.5 Tax Withholding. The Company may withhold from any benefits payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

12.6 Beneficiaries. To the extent allowed by law, any payments or benefits hereunder due to the Executive at the time of his death shall nonetheless be paid or provided and the Executive may designate one or more persons or entities as the primary and/or contingent beneficiaries of any amounts to be received under this Agreement. Such designation must be in the form of a signed writing acceptable to the Board or the Board's designee. The Executive may make or change such designation at any time.

12.7 Restrictive Covenants. With the exception of the Company's willful material breach of its payment obligations under Articles 7 and 8 of this Agreement (provided, however, that no such breach shall be deemed to have occurred until the Executive has provided the Board with written notice of such breach and a reasonable opportunity for cure), the restrictive covenants contained in Article 11 are independent of any other contractual obligations in this Agreement or otherwise owed by the Company to the Executive. Except as provided in this paragraph, the existence of any claim or cause of action by Executive against the Company, whether based on this Agreement or otherwise, shall not create a defense to the enforcement by the Company of any restrictive covenant contained herein.

12.8 The Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment shall in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Agreement.

12.9 Previous Obligations.

(a) Executive agrees and confirms that Executive's acceptance of this Agreement and performance of his duties hereunder will not in any way require or place Executive in a position that may require or potentially may require the use or disclosure of any third party's trade secrets or proprietary information.

(b) Executive confirms that Executive has disclosed to the Company all agreements Executive has with any third party that incorporate confidentiality restrictions or a covenant not to compete.

(c) Executive believes that he is under no obligations to any third party, including any confidentiality agreements, covenants not compete or the like, which will in any way restrict the Executive's ability to perform his duties hereunder.

(d) Executive agrees and confirms that in the event Executive is ever asked to participate in any activity or perform any job duties and responsibilities as an employee of the Company which the Executive believes may involve the utilization or dissemination of information a third party has identified as its proprietary information or a trade secret or which may fall under a previously executed covenant not to compete, Executive will immediately notify the Board of Directors and will not undertake to participate in any activities which require or could possibly require Executive to utilize or rely upon such proprietary information or trade secret.

12.10 Review by Counsel. Prior to executing this Agreement, Executive agrees that he has consulted with his attorney who represents his interests and who has fully and completely explained the terms and conditions of this Agreement and the obligations created herein.

12.11 Director Resignation. In the event that the Executive is a member of the Board on the Effective Date of Termination, Executive shall resign from the Board effective on the Effective Date of Termination.

12.12 Release. Notwithstanding anything to the contrary in this Agreement, the obligation of the Company to makes the payments or provide the benefits described in Sections 7.2(d)(2), 7.4(b)(1) through (3), 7.6(d)(1) through (3), or Section 8.3(a), (b) or (e), and the right of Executive to receive such benefits, are subject to the obligation of the Executive to deliver an executed release and any applicable revocation period with respect to the release expiring within 60 days following the Effective Date of Termination Date. The severance payments and benefits shall be paid or commence on the first payment date following the date on which the release becomes effective (the "Payment Date"). Notwithstanding the foregoing, if the 60th day following the date of termination occurs in the calendar year following the year of termination, then the Payment Date shall be no earlier than January 1 of such subsequent calendar year.

Article 13. Governing Law

13.1 To the extent not preempted by federal law, the provisions of this Agreement shall be construed and enforced in accordance with the laws of the state of Florida.

IN WITNESS WHEREOF, the Company, through its duly authorized representative, and the Executive have executed this Agreement as of the Effective Date.

Executive:

Name and Title

Company:

TherapeuticsMD, Inc.

By: _____

Name and Title

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Finizio, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of TherapeuticsMD, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 13, 2012

/s/ Robert G. Finizio
Robert G. Finizio
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Daniel A. Cartwright, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of TherapeuticsMD, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 13, 2012

/s/ Daniel A. Cartwright
Daniel A. Cartwright
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of TherapeuticsMD, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012 as filed with the Securities and Exchange Commission (the "Report"), I, Robert G. Finizio, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert G. Finizio

Robert G. Finizio
Chief Executive Officer
November 13, 2012

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of TherapeuticsMD, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012 as filed with the Securities and Exchange Commission (the "Report"), I, Daniel A. Cartwright, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Daniel A. Cartwright

Daniel A. Cartwright
Chief Financial Officer
November 13, 2012

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.