NEOPROBE CORP
Form PREM14A
June 14, 2011

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material under §240.14a-12

NEOPROBE CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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

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

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

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

The purchase price payable under the Asset Purchase Agreement consists of $30,000,000, subject to a possible adjustment as set forth in the Asset Purchase Agreement, plus royalty payments up to a maximum of $20,000,000 over the course of six fiscal years. Solely for purposes of calculating the filing fee, the registrant estimates a purchase price of $50,000,000.

(4) Proposed maximum aggregate value of transaction: $50,000,000

(5) Total fee paid: $5,805

¨ Fee paid previously with preliminary materials.

¨Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

2011 ANNUAL MEETING OF STOCKHOLDERS

[•], 2011

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of Neoprobe Corporation, which will be held at 9:00 a.m., Eastern Daylight Time, on August 15, 2011, at the Embassy Suites Hotel, 5100 Upper Metro Place, Dublin, Ohio 43017 (phone: 614-790-9000). The matters on the meeting agenda are described in the Notice of 2011 Annual Meeting of Stockholders and proxy statement which accompany this letter.

We hope you will be able to attend the meeting, but regardless of your plans, we ask that you please complete, execute, and date the enclosed proxy card and return it in the envelope provided so that your shares will be represented at the meeting.

Very truly yours,

Dr. Mark J. Pykett
President and Chief
Executive Officer

NEOPROBE CORPORATION
425 Metro Place North, Suite 300
Dublin, Ohio 43017

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of
NEOPROBE CORPORATION:

The Annual Meeting of the Stockholders of Neoprobe Corporation, a Delaware corporation (the "Company"), will be held at the Embassy Suites Hotel, 5100 Upper Metro Place, Dublin, Ohio 43017 (phone: 614-790-9000), on August 15, 2011, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To approve the sale (the "Asset Sale") of our GDS line of gamma detection device systems (the "GDS Business") to Devicor Medical Products, Inc. ("Devicor" or the "Buyer") pursuant to the terms and conditions of an asset purchase agreement dated as of May 24, 2011, by and between the Company and Devicor (the "Asset Purchase Agreement"). The Asset Purchase Agreement is attached as Appendix A to this proxy statement;

2. To elect three directors, to serve for a term of three years and until their successors are duly elected and qualified;

3. To approve and amend the Company's Amended and Restated 2002 Stock Incentive Plan (the "2002 Plan") to increase the maximum number of shares of Common Stock issuable under the 2002 Plan to 10,000,000 shares and to extend the term of the 2002 Plan to March 7, 2015;

4. To hold an advisory vote on the frequency of voting on the compensation of our named executive officers;

5. To hold an advisory vote relating to the compensation of our named executive officers;

6. To ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for 2011;

7. To adjourn the Annual Meeting to a later date, if necessary or appropriate, to allow for the solicitation of additional proxies in favor of the proposal to approve the Asset Sale if there are insufficient votes to approve the Asset Sale; and

8. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on June 17, 2011, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. A list of stockholders will be available for examination by any stockholder at the Annual Meeting and for a period of 10 days before the Annual Meeting at the executive offices of the Company.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on August 15, 2011: The proxy statement and annual report to security holders is available at http://neoprobe2011.investorroom.com.

Whether or not you plan to attend the Annual Meeting, please sign, date, and return the enclosed proxy card in the envelope provided or take advantage of the opportunity to vote your proxy online. If you have any questions or need assistance voting your shares of our Common Stock, please contact [•], our proxy solicitor, by calling toll-free at [•] or by e-mailing [•].

By Order of the Board
of Directors

Dr. Mark J. Pykett
President and Chief
Executive Officer

Dublin, Ohio
[•], 2011

PROXY STATEMENT FOR
2011 ANNUAL MEETING OF STOCKHOLDERS

TABLE OF CONTENTS

Appendices

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you to in this proxy statement, contain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including, among others, under the headings "Summary," "Questions and Answers About the Asset Sale," "Asset Sale," "The Asset Purchase Agreement," "Proposal No 1 – The Asset Sale and the Asset Purchase Agreement," and in statements containing the words "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "should," "plans," "targets" and/or similar words or expressions. Forward-looking statements also include the following: (1) statements containing projections of revenues, operating expenses, income (or loss), earnings (or loss) per share, capital expenditures, dividends, capital structure, and other financial items; (2) statements concerning the plans and objectives of Neoprobe management for future operations, including plans or objectives relating to its products or services; (3) statements of future economic performance; (4) statements of the assumptions underlying or relating to any statement described in (1), (2), or (3); and (5) statements regarding the timing or completion of the Asset Sale. Actual results could differ materially from those predicted by these forward-looking statements.

You should be aware that forward-looking statements involve known and unknown risks and uncertainties as well as assumptions, among other things, about us and regulatory, clinical, economic and market factors, among others. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of Neoprobe. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to publicly update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future developments or otherwise.

Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those contemplated by forward-looking statements. You should not place undue reliance on any forward-looking statements contained herein, which speak only as of the date of this proxy statement, or, in the case of documents referred to in this proxy statement, as of the respective dates of such documents. These and other factors are discussed in our current filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and our subsequent SEC filings. In addition to other factors and matters contained in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the failure to satisfy any of the conditions to complete the Asset Sale, including the receipt of the required stockholder approval;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Asset Purchase Agreement;
- the outcome of any legal proceedings instituted against us and others in connection with the proposed Asset Sale;
- the failure of the Asset Sale to close for any other reason;
- the amount of the costs, fees, expenses and charges relating to the Asset Sale;
- business uncertainty and contractual restrictions prior to the Asset Sale close;
- delays in the timing of the acceptance and/or approval of our New Drug Application (NDA) for Lymphoseek®;
- delays in advancing our RIGScan™ technology toward re-initiation of clinical development;
- competition generally and the increasingly competitive nature of our industry;
- stock price and interest rate volatility; and
- failure to operate our business successfully.

The foregoing list and the risks reflected in this proxy statement should not be construed to be exhaustive. Actual results or matters related to the Asset Sale could differ materially from the forward-looking statements contained in

this proxy statement as a result of the timing of the completion of the Asset Sale or the impact of the Asset Sale on our results of operations, financial condition, cash flows, capital resources, profitability, cash requirements, management resources and liquidity. In view of these uncertainties, you should not place undue reliance on any forward-looking statements, which are based on our current expectations.

SUMMARY

This summary highlights selected information contained in this proxy statement and does not contain all of the information that may be important to you. We urge you to read carefully this proxy statement in its entirety, as well as the appendices. Additional, important information is also contained in the documents incorporated by reference into this proxy statement; see the section entitled "Where You Can Find More Information; Incorporation by Reference."

The Annual Meeting (page [•])

The 2011 Annual Meeting of Stockholders of Neoprobe Corporation will be held at 9:00 a.m., Eastern Daylight Time, on August 15, 2011, at the Embassy Suites Hotel, 5100 Upper Metro Place, Dublin, Ohio 43017 (phone: 614-790-9000).

The Asset Sale (page [•])

On May 23, 2011, the members of our Board of Directors present at a meeting duly called and held (one member of our Board of Directors, Dr. Jess Emery Jones, was not present at the meeting), unanimously adopted and approved the Asset Sale pursuant to the Asset Purchase Agreement, a copy of which is included as Appendix A to this proxy statement (portions of which have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment). Please read it carefully. Pursuant to the terms of the Asset Purchase Agreement:

- we agreed to sell the assets and assign certain liabilities, in each case, that are primarily related to the GDS Business; and

- in exchange for the assets of the GDS Business, Devicor agreed to: (i) make a cash payment to us of $30,000,000; (ii) assume certain liabilities of the Company associated with the GDS Business as specified in the Asset Purchase Agreement; and (iii) make royalty payments to us of up to an aggregate maximum amount of $20,000,000 based on the net revenue attributable to the GDS Business over the course of the six fiscal years ended December 31, 2012, 2013, 2014, 2015, 2016 and 2017 (collectively, the "Aggregate Consideration") which Aggregate Consideration is subject to a possible adjustment as set forth in the Asset Purchase Agreement and more fully described below under "Proposal No. 1 – The Asset Sale and the Asset Purchase Agreement – Asset Purchase Agreement – General" beginning on page [•].

If all necessary approvals have been obtained or waived, including stockholder approval and any third party consents, we expect to complete the Asset Sale shortly after this Annual Meeting scheduled for August 15, 2011.

Parties to the Asset Sale (page [•])

Neoprobe Corporation

Neoprobe is a biomedical company focused on enhancing oncology patient care and improving patient benefit through radiopharmaceutical product development. Neoprobe is actively developing two radiopharmaceutical agent platforms – Lymphoseek and RIGScan – to help physicians better identify and treat certain types of cancer. Neoprobe's subsidiary, Cira Biosciences, Inc., is also advancing a patient-specific cellular therapy technology platform called ACT. Neoprobe's strategy is to deliver superior growth and shareholder return by bringing to market novel radiopharmaceutical agents and advancing the Company's pipeline program through continued investment and selective licenses or acquisitions. We have agreed to sell our GDS Business pursuant to the Asset Purchase

Agreement. For more information please visit our website at www.neoprobe.com. Our common stock is listed on the NYSE Amex stock exchange under the symbol “NEOP.” Neoprobe is a Delaware corporation. Our principal executive office is located at 425 Metro Place North, Suite 300, Dublin, Ohio 43017. The telephone number there is (614) 793-7500.

Devicor Medical Products, Inc.

Devicor is a company dedicated to acquiring and growing medical device companies. With an initial focus on the breast cancer market, the company is focused on building a global business through the investment in, and development of, tools and technologies that facilitate minimally invasive medical procedures. For more information, please visit www.devicormedical.com. Devicor is a Delaware corporation. Its principal executive office is located at Summit Woods Corporate Center II, 5th Floor, 300 E-Business Way, Cincinnati, Ohio 45241. The telephone number there is (513) 864-9000.

Reasons for the Asset Sale (page [•])

In evaluating the Asset Sale, our Board of Directors considered various factors. For the material factors considered by our Board of Directors in reaching its decision to adopt and approve the Asset Sale and the Asset Purchase Agreement, see "Proposal No. 1 – The Asset Sale and the Asset Purchase Agreement – The Asset Sale—Reasons for the Asset Sale," beginning on page [•].

Post-Closing Business and Proceeds from the Asset Sale (page [•])

If the Asset Sale is approved by our stockholders and the other conditions to the closing of the Asset Sale are satisfied or waived, Devicor will acquire the GDS Business. We expect to focus on our remaining businesses following the closing of the Asset Sale, including: (i) developing, commercializing, marketing, selling and distributing biologics or pharmaceuticals, (ii) developing and commercializing personalized cell processing technology and cellular therapeutics; and (iii) advancing our technology for the detection of fluorescence labeled compounds and antibodies (hereinafter referred to collectively as the "Remaining Businesses"). If the Asset Sale is consummated, our lead radiopharmaceutical pipeline products and drug development portfolio will be our only operating businesses and, accordingly, our profitability will be entirely dependent upon those lines of business. If the Asset Sale is not approved by the holders of a majority of our outstanding shares of Common Stock, then Devicor may terminate the Asset Purchase Agreement and our Board of Directors, along with our management, will reassess our options in light of our long-term strategic goals. We currently anticipate that we will retain all of the net cash proceeds from the Asset Sale for working capital and general corporate purposes. We may use a portion of the net cash proceeds for future acquisitions complementary to the Remaining Businesses. However, at this time, no specific acquisition targets have been identified. If we have adequate working capital and establish adequate cash reserves without using all of our cash, and if we are unable to identify suitable acquisition targets that are appropriately valued, we will consider alternate uses of any excess cash in order to enhance stockholder value.

Recommendation of Our Board of Directors (page [•])

After careful consideration our Board of Directors:

- adopted and approved the Asset Purchase Agreement; and
- determined the Asset Sale to be in the best interests of Neoprobe and our stockholders, and recommended to our stockholders that the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, be adopted and approved by our stockholders.

Opinion of Our Financial Advisor (page [•] and Appendix B)

In connection with the Asset Sale, our Board of Directors received a written opinion, dated May 23, 2011, from our financial advisor, UBS Securities LLC, referred to as UBS, as to the fairness, from a financial point of view and as of

the date of such opinion, to Neoprobe of the consideration to be received by Neoprobe in the Asset Sale. The full text of UBS' written opinion, dated May 23, 2011, is attached to this proxy statement as Appendix B. Holders of our Common Stock are encouraged to read UBS' opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. UBS' opinion was provided for the benefit of our Board of Directors (in its capacity as such) in connection with, and for the purpose of, its evaluation of the consideration from a financial point of view and did not address any other aspect of the Asset Sale. The opinion did not address the relative merits of the Asset Sale as compared to other business strategies or transactions that might be available with respect to the GDS Business or Neoprobe's underlying business decision to effect the Asset Sale. The opinion does not constitute a recommendation to any stockholder as to how to vote or act with respect to the Asset Sale.

Other Agreements and Transactions Related to the Asset Sale (page [•])

In addition to the Asset Purchase Agreement, we intend to enter into a number of related agreements, including a transition services agreement with Devicor pursuant to which we shall provide certain transitional, administrative and support services to Devicor on a short-term basis.

Interests of Our Directors and Executive Officers in the Asset Sale (page [•])

In considering the recommendation of our Board of Directors to vote for the proposal to adopt and approve the Asset Sale and the Asset Purchase Agreement, you should be aware that some of our directors and executive officers may have personal interests in the Asset Sale that are, or may be, different from, or in addition to, your interests. All of our directors and executive officers own shares of our Common Stock and/or options to purchase shares of our Common Stock, and to that extent, their interests in the Asset Sale are the same as that of other holders of our Common Stock. To the extent our directors and executive officers are parties to agreements that confer certain rights and obligations upon a change in control, such individuals have executed waivers provided that the Asset Sale is not a change in control under such agreements. See “Interests of Our Directors and Executive Officers in the Asset Sale,” beginning on page [•].

Appraisal Rights (page [•])

You will not experience any change in your rights as a stockholder as a result of the Asset Sale. Delaware law, our certificate of incorporation, and our bylaws do not provide for appraisal or other similar rights for dissenting stockholders in connection with the Asset Sale, and we are not independently providing stockholders with any such right. Accordingly, you will have no right to dissent and obtain payment for your shares in connection with the Asset Sale.

Material U.S. Federal, State and Local Income Tax Consequences (page [•])

The Asset Sale will not result in any material U.S. federal, state or local income tax consequences to our stockholders. The transaction will be a taxable event to us for U.S. federal, state and local income tax purposes, but we anticipate that a portion of the taxable gain for U.S. federal, state and local income tax purposes resulting from the Asset Sale will be offset by net operating losses and tax credits. For a complete description of the material tax consequences of the Asset Sale to Neoprobe, please see “Material U.S. Federal, State and Local Income Tax Consequences,” beginning on page [•].

Regulatory Matters (Page [•])

The Asset Sale is not subject to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or the reporting and waiting requirements of any other United States antitrust law. We are not aware of any other material regulatory consents that are required in connection with the Asset Sale.

Asset Purchase Agreement (Page [•] and Appendix A)

General (page [•])

Pursuant to the Asset Purchase Agreement, Devicor has agreed to:

- make a cash payment to us of $30,000,000 (subject to a possible adjustment based on the amount of working capital at closing as provided in the Asset Purchase Agreement);

- assume certain liabilities associated with the GDS Business as specified in the Asset Purchase Agreement; and

- make royalty payments to us of up to an aggregate maximum amount of $20,000,000 based on the net revenue attributable to the GDS Business over the course of the six fiscal years ended December 31, 2012, 2013, 2014, 2015, 2016 and 2017

Covenants and Agreements (page [•])

The parties have agreed to certain covenants, including, without limitation, covenants requiring that:

- the Company operate its business generally in the ordinary course until the closing of the Asset Sale;
- the Company not solicit alternative acquisition proposals or provide information or engage in discussions with third parties in connection with any such acquisition proposal; and
- as soon as practicable after the closing date of the Asset Sale, and in any event within six months following the closing date, the Company cease to make use of certain of our trade names and trademarks.

Covenant Not to Compete (page [•]).

Under the Asset Purchase Agreement, we have also agreed, subject to certain exceptions, that for five years following the closing of the Asset Sale, the Company will not compete with, assist in or provide financial resources to any activity which involves the marketing, distribution or sale of devices primarily used for the diagnosis or identification of cancer in human beings.

Distribution Rights (page [•])

In the event the Company desires to engage a third party to distribute any medical device used in surgical oncology primarily having a diagnostic purpose, including, without limitation, medical devices used for the detection of fluorescence labeled compounds or antibodies, during the 12-year period following the consummation of the Asset Sale, the terms of the Asset Purchase Agreement give Devicor certain rights of first refusal to distribute such products based on the terms of the existing distribution agreement between Devicor and the Company (during the first 5 years) and the terms offered by an unaffiliated third party (during the succeeding 7 years).

No Negotiation (page [•])

The Asset Purchase Agreement restricts our ability to solicit or engage in discussions or negotiations with third parties regarding specified transactions involving the GDS Business or the sale of Neoprobe as a whole.

Conditions to Completion of the Asset Sale (page [•])

Before we can complete the Asset Sale, a number of conditions must be satisfied. These include, among other things:

- the receipt of our stockholders' approval;
- all filings with governmental authorities shall have been made and any necessary authorizations, consents or approvals required from such authorities shall have been obtained; and
- the absence of any valid order, statute, rule, regulation, executive order, stay, decree, judgment or injunction which prohibits or prevents the consummation of the Asset Sale.

In addition, the obligations of Devicor to complete the Asset Sale are subject to the satisfaction by us or waiver by Devicor of conditions, including the following:

- All of our representations and warranties shall be true and correct in all material respects, except for those representations and warranties that are qualified as to materiality which shall be true and correct in all respects, on and as of the closing date of the Asset Sale with the same effect as if such representations and warranties had been made on that date (except to the extent that any such representation or warranty by its terms relates to an earlier date), and we shall have complied in all material respects with all agreements contained in the Asset Purchase Agreement required to be performed prior to the closing of the Asset Sale; and

- After the date of the Asset Purchase Agreement no event shall have occurred that had, or would reasonably be expected to have, a Material Adverse Effect (as defined below under "Proposal No 1 –The Asset Sale and the Asset Purchase Agreement – Asset Purchase Agreement – Representations and Warranties").

Finally, our obligations to complete the Asset Sale are subject to the satisfaction by Devicor or waiver by us of certain conditions, including that the representations and warranties made by Devicor are true and correct in all material respects, except for those representations and warranties that are qualified as to materiality which shall be true and correct in all respects, on and as of the closing date of the Asset Sale with the same effect as if such representations and warranties had been made on that date (except to the extent that any such representation or warranty by its terms relates to an earlier date), and Devicor shall have complied in all material respects with all agreements contained in the Asset Purchase Agreement required to be performed or complied with at or prior to the closing of the Asset Sale.

Termination (page [•])

The parties may, by mutual written consent, terminate the Asset Purchase Agreement at any time prior to the completion of the Asset Sale. Devicor may terminate the Asset Purchase Agreement at any time following the Annual Meeting of Stockholders if the Company does not receive stockholder approval for the Asset Sale at the meeting.

In addition, either we or Devicor may, in writing, terminate the Asset Purchase Agreement at any time prior to the effective date of the Asset Sale:

- if the other party shall have breached any material provision of the Asset Purchase Agreement and shall not have cured such breach within 10 days of receiving notice; or

- if the Asset Sale has not been completed on or before August 22, 2011.

Termination Fee (page [•])

If the Asset Sale is not approved by our stockholders pursuant to the terms of the Asset Purchase Agreement, we will be required to reimburse Devicor for its expenses not to exceed $500,000. We may also be required to pay an additional $1,000,000 termination fee if the Asset Purchase Agreement is terminated by Devicor as a result of our breach of any of certain covenants set forth in the Asset Purchase Agreement which require, among other things that the Company's Board of Directors use its reasonable best efforts to obtain the approval of the Company's stockholders for the Asset Sale, and not withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to Devicor, its recommendation that the stockholders approve the Asset Sale or approve or recommend, or propose publicly to approve or recommend, or otherwise permit or cause the Company to accept, any other transaction which effects an acquisition, merger, consolidation or other business combination involving the GDS Business or the Company.

QUESTIONS AND ANSWERS ABOUT THE ASSET SALE

The following questions and answers briefly address some commonly asked questions about the Asset Sale and the Asset Purchase Agreement. These questions and answers may not address all questions that may be important to you as a stockholder. You should still carefully read this entire proxy statement, including each of the appendices.

This proxy statement is furnished to the holders of common stock, $0.001 par value per share ("Common Stock"), of Neoprobe Corporation, a Delaware corporation ("Neoprobe" or the "Company"), in connection with the solicitation of proxies for use at the Annual Meeting of stockholders, and at any adjournment of that meeting. In this proxy statement the terms "Neoprobe," "Company," "we," "our," "ours," and "us" refer to Neoprobe Corporation and its subsidiaries. The term "Asset Purchase Agreement" refers to the asset purchase agreement, dated as of May 24, 2011, by and between the Company and Devicor Medical Products, Inc., as it may be amended, restated, modified or superseded from time to time in accordance with its terms (the "Asset Purchase Agreement"). The term "GDS Business" refers to the Company's GDS line of gamma detection device systems as further described in the Asset Purchase Agreement. The term "Asset Sale" refers to the proposed sale of the GDS Business pursuant to the Asset Purchase Agreement. The term "Devicor" or the "Buyer" refers to Devicor Medical Products, Inc., a Delaware corporation. Each of Neoprobe and Devicor are sometimes referred to in this proxy statement as a party, or collectively as the parties.

The Asset Sale

Q: What is the proposed transaction?

A: The Asset Purchase Agreement provides for the sale of the GDS Business to Devicor for: (i) a cash payment of $30,000,000; (ii) the agreement of Devicor to assume certain liabilities of the Company associated with the GDS Business as specified in the Asset Purchase Agreement; and (iii) royalty payments of up to an aggregate maximum amount of $20,000,000 based on the net revenue attributable to the GDS Business over the course of the six fiscal years ended December 31, 2012, 2013, 2014, 2015, 2016 and 2017 (the foregoing consideration hereinafter referred to collectively as the "Aggregate Consideration"). The amount of the Aggregate Consideration is subject to a possible adjustment as set forth in the Asset Purchase Agreement and more fully described below under "Proposal No. 1 – The Asset Sale and the Asset Purchase Agreement – Asset Purchase Agreement – General" beginning on page [•].

Q: Why are we asking for a stockholder vote?

A: Stockholder approval of the Asset Sale is required under Delaware General Corporation Law (DGCL) Section 271 and is a condition to the closing of the Asset Sale under the terms of the Asset Purchase Agreement we negotiated with Devicor.

Q: What is the purpose of the proposed transaction?

A: The purpose of the Asset Sale is to allow the Company to strategically focus its expertise, competencies and resources on radiopharmaceutical products. The Asset Sale provides the Company with access to resources to support and advance development of its RIGS technology, to evaluate additional opportunities for its Lymphoseek product and to pursue growth of its pipeline with other product candidates.

Q: What are the estimated net cash proceeds from the Asset Sale?

A: We currently estimate the net cash proceeds from the Asset Sale to be approximately $27.3 million after the payment of estimated transaction costs of $2.7 million. This estimate assumes that the Asset Sale is completed before August 18, 2011, and does not include any of the potential additional $20 million in royalty payments

available pursuant to the terms of the Asset Purchase Agreement. The actual amount of net cash proceeds from the Asset Sale may vary from this estimate. In addition, this estimate does not include, and the actual amount of cash proceeds from the Asset Sale will be reduced by, among other things, continuing benefit costs for departing employees.

Q: How does Neoprobe plan to use the net cash proceeds from the Asset Sale?

A: We currently anticipate that we will retain all of the net cash proceeds from the Asset Sale for working capital and general corporate purposes and to continue investing in our remaining businesses, including our businesses: (i) of developing, commercializing, marketing, distributing and selling biologics or pharmaceuticals, including our particular focus on radioharmaceuticals, (ii) of developing and commercializing personalized cell processing technology; or (iii) of advancing our technology for the detection of fluorescence labeled compounds and antibodies (hereinafter referred to collectively as the "Remaining Businesses"). We may use a portion of the net cash proceeds for future acquisitions complementary to our remaining businesses; however, at this time no specific acquisition targets have been identified. If we have adequate working capital and establish adequate cash reserves without using all of our cash, and if we are unable to identify suitable acquisition targets that are appropriately valued, we will consider alternate uses of any excess cash in order to enhance stockholder value.

Q: When will the Asset Sale be consummated?

A: In the event the stockholders approve the Asset Sale and the Asset Purchase Agreement, we expect that the Asset Sale will close promptly following our Annual Meeting. However, the consummation of the Asset Sale is contingent upon other customary closing conditions including: (i) the absence of a material adverse effect on the assets of the GDS Business subject to the Asset Sale, the liabilities of the GDS Business to be assumed by the Buyer, or the financial condition or results of operations of the GDS Business; (ii) the representations and warranties of the parties being true and correct in all material respects at closing; (iii) there being no material breaches of the terms of the Asset Purchase Agreement; (iv) the absence of any litigation or other legal requirement prohibiting the consummation of the Asset Sale; (v) the receipt of certain third party consents; and (vi) certain other customary closing conditions.

Q: Will Neoprobe continue to be publicly traded following the Asset Sale? Will its NYSE Amex ticker symbol change?

A: The Company will continue to be a publicly traded company whether or not the Asset Sale closes and we will continue to be subject to the rules and regulations of the United States Securities and Exchange Commission (the "SEC") and the NYSE Amex stock exchange. Our NYSE Amex ticker symbol will not change and will remain "NEOP" whether or not the Asset Sale closes. The Asset Purchase Agreement provides that within six months following the closing of the Asset Sale, the Company shall cease to make use of certain of its trade names and trademarks, including the Neoprobe name. In connection with this requirement, the Company will change its name, and the Company's NYSE Amex ticker symbol may change in connection with a change of our corporate name. As of the date of this proxy statement, the Company had made no decisions regarding the new corporate name it will use following the closing of the Asset Sale or changing its NYSE Amex ticker symbol.

Q: What vote of our stockholders is required to adopt and approve the Asset Sale and the Asset Purchase Agreement?

A: For us to complete the Asset Sale, stockholders holding at least a majority of the shares of our outstanding Common Stock at the close of business on the Record Date must vote "FOR" the proposal adopting and approving the Asset Sale and the Asset Purchase Agreement.

Q: What will happen if the Asset Sale and Asset Purchase Agreement are not adopted and approved?

A: If the Asset Sale and the Asset Purchase Agreement are not adopted and approved, we will not complete the Asset Sale and the other transactions contemplated by the Asset Purchase Agreement. In that event, we expect to reassess our options in light of our long-term strategic goals. Under the Asset Purchase Agreement, we would also be required to pay Devicor a fee equal to the amount of the reasonable out-of-pocket expenses, actually documented and incurred or payable by or on behalf of Devicor in connection with or in anticipation of the Asset Sale and the agreements related thereto, including all attorney's fees, financial advisor's fees, accountants' fees and filing fees (the "Termination Expenses") (provided, however, that in no event will the "Termination Expenses" exceed $500,000, in the aggregate). We may also be required to pay a $1,000,000 termination fee plus the amount of the Termination Expenses if the Asset Purchase Agreement is terminated by Devicor as a result of our breach of any of the covenants set forth in Section 6.4 of the Asset Purchase Agreement which require, among other things, that the Company's Board of Directors use its reasonable best efforts to obtain the approval of the Company's stockholders for the Asset Sale, and not withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to Devicor, its recommendation that the stockholders approve the Asset Sale or approve or recommend or propose publicly to approve or recommend, or otherwise permit or cause the Company to accept, any other transaction which effects an acquisition, merger, consolidation or other business combination involving the GDS Business or the Company.

Q: Who will solicit and pay the cost of soliciting proxies?

A: All expenses in connection with this solicitation of proxies will be paid by us. Proxies will be solicited principally by mail, but directors, officers and certain other individuals authorized by us may personally solicit proxies. We have retained [•], a proxy solicitation firm, to assist in the solicitation of proxies. Neoprobe will reimburse custodians, nominees or other persons for their out-of-pocket expenses in sending proxy materials to beneficial owners and will pay [•] a fee of approximately [•], plus out-of-pocket expenses.

Q: Who can help answer any other questions I might have?

A: If you have additional questions about the Asset Sale or need assistance in submitting your proxy or voting your shares of our Common Stock, please contact [•], our proxy solicitor, by calling toll-free at [•] or by e-mailing [•]. You can also refer to the section of this proxy statement entitled, "Where You Can Find More Information; Incorporation by Reference."

NEOPROBE CORPORATION

2011 ANNUAL MEETING OF STOCKHOLDERS

August 15, 2011

PROXY STATEMENT

Dated [•], 2011

GENERAL INFORMATION

Date, Time and Place of Annual Meeting. The Annual Meeting of the Stockholders of Neoprobe Corporation will be held at the Embassy Suites Hotel, 5100 Upper Metro Place, Dublin, Ohio 43017 (phone: 614-790-9000), on August 15, 2011, at 9:00 a.m., Eastern Daylight Time.

Solicitation. This proxy statement is furnished to the stockholders of Neoprobe Corporation, a Delaware corporation, in connection with the solicitation by the Board of Directors of the Company of proxies to be voted at the Company's 2011 Annual Meeting of Stockholders to be held on August 15, 2011, and any adjournment thereof. This proxy statement and the accompanying proxy card are first being mailed to stockholders on or about [•], 2011. All expenses in connection with this solicitation of proxies will be paid by us. Proxies will be solicited principally by mail, but directors, officers and certain other individuals authorized by us may personally solicit proxies. We have retained [•], a proxy solicitation firm, to assist in the solicitation of proxies. We will reimburse custodians, nominees or other persons for their out-of-pocket expenses in sending proxy materials to beneficial owners and will pay [•] a fee of approximately [•], plus out-of-pocket expenses.

Company Address. The mailing address of our principal executive offices is 425 Metro Place North, Suite 300, Dublin, Ohio 43017.

Voting Rights. Stockholders of record at the close of business on June 17, 2011 (the "Record Date"), are entitled to notice of and to vote at the Annual Meeting. As of that date, there were [•] shares of Common Stock outstanding. Each holder of Common Stock of record on June 17, 2011, is entitled to one vote per share held with respect to all matters which may be brought before the Annual Meeting.

Authorization. The shares represented by the accompanying proxy will be voted as directed if the proxy is properly completed, signed, and received by us. The proxy will be voted at the discretion of the persons acting under the proxy to transact such other business as may properly come before the Annual Meeting and any adjournment thereof. If you are a holder of record and you sign, date, and send in your proxy but do not indicate how you want to vote, your proxy will be voted "For" each of the proposals to be voted on at the Annual Meeting and "For" holding an advisory vote on executive compensation every third year.

Revocation. Any stockholder returning the accompanying proxy has the power to revoke it at any time before its exercise by giving notice of revocation to the Company, by duly executing and delivering to the Company a proxy card bearing a later date, or by voting in person at the Annual Meeting. Please note, however, if your shares are held of record by a broker, bank, or other nominee and you wish to vote at the Annual Meeting, you must obtain from the record holder a proxy issued in your name.

11

Tabulation. Under Section 216 of the Delaware General Corporation Law (DGCL) and our bylaws, the presence, in person or by proxy, of the holders of a majority of the outstanding shares of our Common Stock is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Shares represented by signed proxies that are returned to the Company will be counted toward the quorum even though they are marked as "Abstain," "Against" or "Withhold Authority" on one or more, or all matters, or they are not marked at all. Brokers, banks, or other nominees who hold their customers' shares in street name, may, under the applicable rules of the exchanges and other self-regulatory organizations of which such brokers, banks, or other nominees are members, sign and submit proxies for such shares and may vote such shares on routine matters. The proposal to ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm is considered a routine matter. Brokers, banks, or other nominees may not vote on matters considered non-routine without specific instructions from the customer who owns the shares. The proposals to approve the Asset Sale, elect directors, approve the 2002 Plan, approve the compensation of our named executive officers and the frequency of voting to approve such compensation, and adjourn the Annual Meeting, if necessary or appropriate, are not considered routine matters. Proxies signed and submitted by brokers, banks, or other nominees that have not been voted on certain matters are referred to as broker non-votes. Such proxies count toward the establishment of a quorum. We encourage you to provide voting instructions to any broker, bank or other nominee that holds your shares by carefully following the instructions provided in the notice from such entity.

Under Section 271 of the DGCL, the proposal to approve the Asset Sale pursuant to the terms of the Asset Purchase Agreement requires the affirmative vote of the holders of a majority of our Common Stock outstanding as of the Record Date. Broker "non-votes" and abstentions will have the same effect as votes "Against" the proposal.

Under Section 216 of the DGCL and our bylaws, the election of the director nominees requires the favorable vote of a plurality of all votes cast by the holders of our Common Stock at a meeting at which a quorum is present. Proxies that are marked "Withhold Authority" and broker non-votes will not be counted toward a nominee's achievement of a plurality and, thus, will have no effect.

Under Section 216 of the DGCL and our bylaws, the proposal to approve and amend the 2002 Plan requires the affirmative vote of a majority of the shares of our Common Stock represented in person or by proxy at the Annual Meeting. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a vote "Against" the proposal. Broker non-votes are disregarded and will have no effect.

Under our bylaws, approval of the proposal relating to the compensation of our named executive officers requires the affirmative vote of a majority of the shares of our Common Stock represented in person or by proxy at the Annual Meeting. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a vote "Against" the proposal. Broker non-votes are disregarded and will have no effect.

The ratification of BDO USA, LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the shares of our Common Stock represented in person or by proxy at the Annual Meeting. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a vote "Against" the proposal. Broker non-votes are disregarded and will have no effect.

If submitted to our stockholders at the Annual Meeting, the proposal to adjourn the Annual Meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the Asset Sale, requires the affirmative vote of a majority of the shares of our Common Stock represented in person or by proxy at the Annual Meeting. Neither broker non-votes nor abstentions are included in the tabulation of the voting results and, therefore, they do not have the effect of votes "Against" such proposal.

Effect of Not Casting Your Vote. If you hold your shares in street name it is critical that you cast your vote if you want it to count. In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of directors, your bank, broker, or other nominee was allowed to vote those shares on your behalf in the election of directors as they felt appropriate. Recent changes in regulation were made to take away the ability of your bank, broker, or other nominee to vote your uninstructed shares in the election of directors on a discretionary basis. If you hold your shares in street name and you do not instruct your bank, broker, or other nominee how to vote, no votes will be cast on your behalf for any of the proposals to be considered at the Annual Meeting; except, your bank, broker, or other nominee will continue to have discretion to vote any uninstructed shares on the proposal to ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm.

ASSET SALE

The following is a description of the material aspects of the Asset Sale, including background information relating to the proposed terms of the Asset Purchase Agreement. While we believe that the following description covers the material terms of the Asset Sale, the Asset Purchase Agreement, and other arrangements between Devicor and us, the description may not contain all of the information that is important to you. You should carefully read this proxy statement and the other documents to which we refer, including the Asset Purchase Agreement, for a complete understanding of the terms of the Asset Sale.

Parties to the Asset Sale

Neoprobe Corporation

Neoprobe is a biomedical company focused on enhancing oncology patient care and improving patient benefit through radiopharmaceutical product development. Neoprobe is actively developing two radiopharmaceutical agent platforms – Lymphoseek® and RIGScanTM – to help surgeons better identify and treat certain types of cancer. Neoprobe's subsidiary, Cira Biosciences, Inc., is also advancing a patient-specific cellular therapy technology platform called ACT. Neoprobe's strategy is to deliver superior growth and shareholder return by bringing to market novel radiopharmaceutical agents and advancing the Company's pipeline program through continued investment and selective acquisitions. We have agreed to sell our GDS Business pursuant to the Asset Purchase Agreement. For more information please visit our website at www.neoprobe.com. Our Common Stock is listed on the NYSE Amex stock exchange under the symbol "NEOP." Neoprobe is a Delaware corporation. Our principal executive office is located at 425 Metro Place North, Suite 300, Dublin, Ohio 43017. The telephone number there is (614) 793-7500.

Devicor Medical Products, Inc.

Devicor is a company dedicated to acquiring and growing medical device companies. With an initial focus on the breast cancer market the company is focused on building a global business through the investment in, and development of, tools and technologies that facilitate minimally invasive medical procedures. For more information, please visit www.devicormedical.com. Devicor is a Delaware corporation. Its principal executive office is located at Summit Woods Corporate Center II, 5th Floor, 300 E-Business Way, Cincinnati, Ohio 45241. The telephone number there is (513) 864-9000.

Background of the Asset Sale

Our senior management and Board of Directors periodically review the performance of our businesses and our strategies, opportunities, and objectives in the markets in which we operate. In conjunction with those reviews, we assess the short- and long-term prospects of our business segments and our company as a whole. We evaluate opportunities to grow our businesses based on our current assets and technology platforms, as well as, by means of mergers, acquisitions, licenses, divestitures, asset sales, and strategic alliances with other companies.

In March 2010, the Company was initially approached by senior management from Devicor regarding Devicor's interest in potentially acquiring the GDS Business. From March through July of 2010, our senior management met internally and discussed a number of potential strategic alternatives to enhance stockholder value, including, without limitation, the possibility of selling the GDS Businesses. Our management discussed these potential strategic alternatives at length with our Board of Directors at the regularly-scheduled meeting of our Board of Directors in July 2010. Our Board of Directors instructed our management to continue to evaluate potential strategic alternatives for the GDS Businesses and to further apprise the Board regarding those alternatives.

On August 24, 2010, the Company entered into a confidentiality agreement with Devicor for the purpose of supporting preliminary diligence discussions following its expression of interest. In October 2010, our senior management met with management from Devicor to determine in greater detail Devicor's level of interest in the potential acquisition by Devicor of the GDS Business. Also in October 2010, we discussed with UBS Securities LLC ("UBS"), which previously had been engaged as our financial advisor, potential strategic alternatives, including, without limitation, a potential sale of the GDS Business. On October 26, 2010, Devicor commenced preliminary due diligence.

On October 27, 2010, we engaged Porter, Wright, Morris & Arthur LLP ("Porter Wright"), our outside legal counsel, to advise us with respect to any potential strategic alternatives.

From November 2010 through December 2010, we explored a potential sale of the GDS Business to buyers other than Devicor. Two potential acquirers were approached and provided with an initial set of materials describing the GDS Business generally. Neither of the parties expressed interest.

On December 7, 2010, we coordinated a second-phase diligence process and provided to Devicor additional materials about the GDS Business and its customers, products, operations, financial results, employees and intellectual property.

On January 28, 2011, our Board of Directors met to discuss further potential strategic options for the GDS Business in light of our long-term strategy and prospects for the GDS Business and our other businesses. Senior management and the Board discussed the anticipated benefits, risks and effects of a sale of the GDS Business, including, without limitation, the impact on enhancing stockholder value in light of our strategic objectives and plans for our other businesses following a sale of the GDS Business.

On February 9, 2011, we received a non-binding indication of interest from Devicor to acquire the GDS Business for an amount of up to $30 million.

On February 17, 2011, we received a second indication of interest from an unsolicited third party that had not been contacted originally regarding its interest in acquiring the GDS Business. We evaluated, with the assistance of our management and advisors, the party's interest and ability to execute on an acquisition and subsequently entered into a confidentiality agreement with the party.

On March 1, 2011, our Board of Directors met, together with our management, to discuss the non-binding indications of interest which had been received and a proposed strategy to continue discussions with Devicor as well as initiating discussions with the second interested party. We subsequently provided initial diligence materials to the second interested party and received a written, non-binding indication of interest in purchasing the GDS Business for $24 million. We responded to the third party that the indication was significantly less than our other indication of interest and such party declined to make any additional proposals.

On March 21, 2011, Devicor also provided an updated letter of interest that included a provision for royalties to us following the Asset Sale in the event Devicor achieved annual revenue from the GDS Business in excess of $21 million.

On April 5, 2011, we executed a letter agreement providing Devicor with exclusivity in negotiations regarding the GDS Business for a period of time that, as extended, covered the period through which a definitive asset purchase agreement was executed.

On April 6, 2011, the Company began receiving a third phase of diligence material requests from Devicor.

On April 19, 2011, our Board of Directors met to discuss the diligence being conducted by Devicor. Our senior management reviewed the progress of diligence and document review, the schedule for management meetings with Devicor, and the timeline for preparation of asset purchase documents. At this meeting, our senior management also reviewed with our Board of Directors the status of the GDS Business sale process, including the non-binding indication of interest received from Devicor and the expected timeline and next steps in the sale process.

On April 21, 2011, we received an initial draft of the proposed Asset Purchase Agreement from Devicor.

On May 11, 2011, our senior management and Porter Wright met with Devicor and Bryan Cave LLP (“Bryan Cave”), Devicor’s outside legal counsel, in Devicor’s offices in Cincinnati, Ohio to discuss Devicor’s proposed asset purchase agreement.

From May 12, 2011 through May18, 2011, our senior management and legal advisor held additional conference calls with Devicor and its advisors to discuss the proposed terms of the Asset Purchase Agreement and to address certain due diligence items raised by Devicor.

On May 16, 2011, our Board of Directors met to, among other things, discuss the status of negotiations with Devicor. The Board of Directors directed our senior management to continue negotiating with Devicor through the end of the week.

On May 18, 2011, Porter Wright, on our behalf, sent a draft of the disclosure schedules to the Asset Purchase Agreement to Devicor.

Between May 18, 2011 and May 23, 2011, our senior management and legal advisor and representatives of Devicor and its advisors continued negotiating various terms and conditions of the Asset Purchase Agreement and related documents and circulated revised drafts of such documents. Also during this period, representatives of Devicor continued their due diligence review of the GDS Business and its products.

On May 23, 2011, our Board of Directors convened a meeting to discuss the proposed terms of the transaction and the proposed Asset Purchase Agreement and related documents. Our senior management and representatives of our legal and financial advisors also were present at the meeting. At the meeting, a representative of Porter Wright updated our Board of Directors with respect to the resolution of the remaining open items relating to the Asset Purchase Agreement and the related documents. UBS reviewed with our Board of Directors UBS' financial analysis of the proposed consideration and delivered to our Board an oral opinion, confirmed by delivery of a written opinion dated May 23, 2011, to the effect that, as of that date and based upon and subject to various assumptions, matters considered and limitations set forth in its opinion, the consideration to be received by Neoprobe in the Asset Sale was fair, from a financial point of view, to Neoprobe. Our Board of Directors also discussed the advantages and risks of the proposed transaction that are described in "Reasons for the Asset Sale" below. Following discussion, our Board of Directors determined that the Asset Sale and Asset Purchase Agreement were in the best interests of Neoprobe and our stockholders, approved the Asset Purchase Agreement and the Asset Sale, and recommended that our stockholders adopt and approve the Asset Purchase Agreement and the Asset Sale.

The Asset Purchase Agreement was executed by Neoprobe and Devicor on the evening of May 24, 2011.

On May 25, 2011, following the close of trading on the NYSE Amex that day, Neoprobe issued a press release announcing the execution of the Asset Purchase Agreement and other matters.

Reasons for the Asset Sale

Our Board of Directors recommends approving the Asset Sale because we believe that separating the GDS Business from our Remaining Businesses will enhance value for our stockholders. We believe that focusing on our Remaining Businesses will permit greater management and resource focus on what we believe to be the most substantial opportunity for growth and the creation of long-term stockholder value. The separation of the GDS Business from our Remaining Businesses will better position the GDS Business and our Remaining Businesses to each realize its full potential without any restrictions from the other.

We have been in the GDS Business since the late 1990s when we launched our first commercial gamma detection probe. However, our roots in developing, commercializing, marketing, distributing and selling biologics or pharmaceuticals (the "Pharmaceutical Business") began approximately a decade before that, and in the last ten years, our Remaining Businesses have again assumed a more prominent role in our overall company strategy. Our Remaining Businesses now comprise 65% of our employees and have represented an average of 85% of our research and development efforts for the last three years.

We believe that the specialty pharmaceutical market for products such as our radiopharmaceutical pipeline products, Lymphoseek (tilmanocept) and RIGScan, offers us the opportunity for continuing strong growth in our

Pharmaceutical Business, and the opportunity to pursue efforts to expand our drug development portfolio. According to one industry research report, sales of radiopharmaceuticals are projected to grow to $5.4 billion by 2015. In light of this large and growing market, we believe the radiopharmaceutical pipeline products offered by our Pharmaceutical Business afford us a meaningful opportunity to create revenue growth and enable short- and long-term value for our stockholders.

The growth of our Pharmaceutical Business will require increasing investment of our resources and focus as we seek to increase revenue, diversify revenue sources, and achieve profitability in that business. The Asset Sale will allow us to increase our focus on the Pharmaceutical Business.

As we have expressed in our previous public filings, the rate of growth of the GDS Business, in the absence of a new impetus such as Lymphoseek, may decline over time. The recent volatility in the global financial markets and macroeconomic environment also poses challenges for our GDS Business as an enterprise generally. There is no guarantee that economic conditions will improve or that the opportunity to find a suitable purchaser for the GDS Business will arise again in the future.

In evaluating the Asset Purchase Agreement and the Asset Sale, our Board of Directors consulted with our senior management, outside legal counsel and financial advisor. Our Board of Directors also consulted with outside legal counsel regarding our Board of Directors' fiduciary duties, legal due diligence matters, and the terms of the Asset Purchase Agreement and related agreements. Based on the factors discussed below, our Board of Directors concluded that the Asset Sale is in the best interests of our stockholders and recommended that our stockholders adopt and approve the Asset Purchase Agreement and the Asset Sale.

The factors that our Board of Directors considered in reaching its determination included, but were not limited to, the following:

- the value and the consideration to be received by us pursuant to the Asset Purchase Agreement, including the fact that we would receive an up-front payment without the placement of any funds in escrow;

- the potential for us to receive additional consideration in the form of royalty payments based on the net revenue attributable to the GDS Business over the course of the six fiscal years ended December 31, 2012, 2013, 2014, 2015, 2016 and 2017;

- the form of the consideration in the Asset Sale being cash (both in respect of the up-front payment and any continuing royalty payments), and the certainty of the value of such cash consideration compared to stock or other possible forms of consideration;

- financial information concerning the GDS Business and our other businesses (including, without limitation, information relating to the financial condition and prospects of our GDS Business and other businesses), current industry, economic and market conditions relating to our GDS Business and other businesses and the possibility that the short- and long-term prospects of the GDS Business may face increasing market pressures while our Remaining Businesses (including the Pharmaceutical Business) are presented with continued opportunities to grow;

    - the financial projections for our GDS Business summarized under "Financial Projections" on page [•];

- the fact that the continued operation of both our GDS Business and Remaining Businesses together could place certain restrictions on each of the businesses, due to strategic, competitive and operational considerations, that may hinder their respective abilities to achieve their goals in the future;

- the possibility that our Pharmaceutical Business' current and prospective customers, employees and other business partners may find advantages and synergies working with our company as a "pure play" specialty pharmaceutical company;

- the creation of a more focused business model and a clearer investment opportunity for our current and future stockholders and for our continuing employees who hold stock options and other equity in our company;

- the increased focus and resource allocation we could place on our growing Pharmaceutical Business following the Asset Sale;

- the additional financial flexibility to continue to aggressively grow our Pharmaceutical Business, both with our current assets and technologies and through additional licenses or acquisitions;

- the comprehensive strategic review process undertaken by us, which included the retention of recognized advisors, and ultimately resulted in the agreement with Devicor to acquire the GDS Business;

- the alternatives available if we did not sell the GDS Business to Devicor, including independent pursuit of growth of the GDS Business, through acquisitions or otherwise, all of which involve meaningful risks, financial commitments, and uncertainties, none of which, in the view of our Board of Directors, were as favorable to us and our stockholders as, nor more favorable to us and our stockholders than, the Asset Sale;

- the opinion of UBS, dated May 23, 2011, to our Board of Directors as to the fairness, from a financial point of view and as of the date of the opinion, to Neoprobe of the consideration to be received by Neoprobe in the Asset Sale, as more fully described below under the caption “Opinion of Our Financial Advisor;”

- the business reputation and experience of Devicor and its management, directors and shareholders and its financial resources which our Board of Directors believed supported the conclusion that a transaction with Devicor could be completed in an efficient and orderly manner;

- the impact of the Asset Sale on our customers, employees, and other business partners; and

- the reasonable likelihood of the consummation of the Asset Sale in light of the relatively limited conditions to Devicor’s obligations to consummate the Asset Sale, including the fact that the consummation of the Asset Sale is not contingent on Devicor’s ability to secure financing commitments or third party consents.

Our Board of Directors also identified and considered a number of uncertainties, risks and potentially negative factors in its deliberations concerning the Asset Sale, including:

- the possibility that the transactions contemplated by the Asset Purchase Agreement, including the Asset Sale, might not be consummated, and the fact that if the Asset Sale is not consummated, (a) our directors, executive officers and other employees will have expended extensive time and effort and will have experienced significant distractions from their work during the pendency of the transaction, (b) we will have incurred significant transaction costs, and (c) the potential negative market perception of our continuing business could potentially result in a loss of customers, business partners, channel partners and employees, any of which may have a material and adverse effect on our results of operations and our stock price;

- the effect of the public announcement of the Asset Sale and the Asset Purchase Agreement, including effects on our sales, customer and channel partner relationships, operating results, stock price, and our ability to attract and retain key management and sales and marketing personnel and technical support agents;

- the resultant loss of all of our existing product sales and related gross profit as a result of selling the GDS Business;

- the fact that, after the Asset Sale, we will be entirely dependent on the performance of our Pharmaceutical Business, which is in a research and development stage and has not been profitable to date;

- our obligations to provide services to Devicor for a period of time following the closing pursuant to the terms of the transition services agreement;

- the restrictions on the conduct of the GDS Business prior to completion of the Asset Sale, requiring us to conduct the GDS Business only in the ordinary course, subject to specific limitations or Devicor’s consent, which may delay or prevent us from undertaking business opportunities that may arise pending completion of the Asset Sale;

- the restrictions on our Board of Directors’ ability to solicit or engage in discussions or negotiations with a third party regarding alternative transactions, and the requirement that we pay for Devicor’s transaction expenses, or Devicor's transaction expenses plus a $1,000,000 termination fee, in certain cases in the event of a termination of the Asset

Purchase Agreement;

- the risk that we will not be able to satisfy some or all of the conditions to Devicor obligations to consummate the Asset Sale;

- the risk that we could be exposed to future indemnification payments for a breach or violation of the representations and warranties or covenants contained in the Asset Purchase Agreement;

- the performance of the GDS Business as operated by Devicor following the Asset Sale which could result in our not receiving a portion, or any, of the additional $20,000,000 in consideration available pursuant to the Asset Purchase Agreement in the form of royalty payments based on the net revenue attributable to the GDS Business over the course of the six fiscal years ended December 31, 2012, 2013, 2014, 2015, 2016 and 2017;

- the expectation that a portion of the consideration we will receive in connection with the Asset Sale will be subject to certain U.S. federal, state, and local income and other taxes;

- the risk that unforeseen liabilities and expenses may be incurred that may limit the ultimate amount of net proceeds from the Asset Sale;

    - the significant costs involved in consummating the Asset Sale, including legal, accounting, and financial advisory fees and other costs, which we estimate to be approximately $2.7 million; and

- the interests that our executive officers and directors may have with respect to the Asset Sale in addition to their interests as stockholders of our company.

After careful and due consideration, our Board of Directors concluded that overall, the risks, uncertainties, restrictions and potentially negative factors associated with the Asset Sale were outweighed by the potential benefits of the Asset Sale, and that many of these risks could be managed or mitigated prior to the consummation of the Asset Sale or were unlikely to have a material adverse effect on our company.

The foregoing information and factors considered by our Board of Directors are not intended to be exhaustive. In view of the variety of factors and the amount of information considered, our Board of Directors did not find it practicable to, and did not, quantify, rank or otherwise assign relative weights to the specific factors it considered in approving the Asset Sale and the Asset Purchase Agreement. In addition, individual members of our Board of Directors may have given different weights to different factors. Our Board of Directors considered all of these factors as a whole, and overall considered them to be favorable to and to support its determination.

Post-Closing Business and Proceeds from the Asset Sale

Upon the closing of the Asset Sale, our Board of Directors and management will focus their attention on our Pharmaceutical Business. We will continue to pursue our Pharmaceutical Business growth strategy and the development of our radiopharmaceutical pipeline products, Lymphoseek and RIGScan. We will also investigate possibilities for enhancing our Pharmaceutical Business that may have been less available to us, due to competitive factors, resource issues, or otherwise, when we operated both the GDS Business and the Pharmaceutical Business.

Our goals following the conclusion of the Asset Sale will be to continue to grow and diversify revenue in our other businesses while driving to achieve profitability. To achieve growth, our plan is to bolster our product development pipeline with the addition of relatively late stage assets (i.e., product candidates that are in or have completed Phase II clinical testing and/or are in or ready to enter Phase III testing). We expect to continue to explore both internal and external growth opportunities in our Pharmaceutical Business. In particular, we plan to pursue growth of our pipeline with other product candidates and may license complementary technologies and product candidates or acquire

complementary companies that can contribute to the strategic, operational and financial performance of our Pharmaceutical Business. During our growth process, we expect to add some additional employees to assist us both in identifying and securing additional development assets as well as developing and commercializing such assets; however, we also expect to continue to outsource certain capabilities to augment our internal subject matter experts. In the event that we are unable to identify suitable product candidates and acquisition targets that are appropriately valued, we will evaluate other possible uses of our available cash reserves consistent with the best interests of our stockholders.

Recommendation of Our Board of Directors

After careful consideration, the members of our Board of Directors adopted and approved the Asset Purchase Agreement and determined the Asset Sale to be in the best interests of the Company and our stockholders, and recommended to our stockholders that the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, be approved by our stockholders.

Opinion of Our Financial Advisor

On May 23, 2011, at a meeting of Neoprobe's Board of Directors held to evaluate the proposed Asset Sale, UBS delivered to Neoprobe's Board an oral opinion, confirmed by delivery of a written opinion dated May 23, 2011, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its opinion, the consideration to be received by Neoprobe in the Asset Sale was fair, from a financial point of view, to Neoprobe.

The full text of UBS' opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as Appendix B and is incorporated into this proxy statement by reference. Holders of Neoprobe Common Stock are encouraged to read UBS' opinion carefully in its entirety. UBS' opinion was provided for the benefit of Neoprobe's Board of Directors (in its capacity as such) in connection with, and for the purpose of, its evaluation of the consideration from a financial point of view and did not address any other aspect of the Asset Sale. The opinion did not address the relative merits of the Asset Sale as compared to other business strategies or transactions that might be available with respect to the GDS Business or Neoprobe's underlying business decision to effect the Asset Sale. The opinion does not constitute a recommendation to any stockholder as to how to vote or act with respect to the Asset Sale. The following summary of UBS' opinion is qualified in its entirety by reference to the full text of UBS' opinion.

In arriving at its opinion, UBS, among other things:

- reviewed certain publicly available business and financial information of Neoprobe relating to the GDS Business;
- reviewed certain internal financial information and other data relating to the GDS Business and its financial prospects that were not publicly available, including certain financial forecasts and estimates prepared by Neoprobe's management that Neoprobe's Board of Directors directed UBS to utilize for purposes of its analysis;
- conducted discussions with members of Neoprobe's senior management concerning the GDS Business and its financial prospects;
- performed a discounted cash flow analysis of the GDS Business in which UBS analyzed the future cash flows of the GDS Business based on the financial forecasts and estimates referred to above;
- reviewed a draft, dated May 23, 2011, of the Asset Purchase Agreement; and
- conducted such other financial studies, analyses and investigations, and considered such other information, as UBS deemed necessary or appropriate.

In connection with its review, with the consent of Neoprobe's Board of Directors, UBS assumed and relied upon, without independent verification, the accuracy and completeness in all material respects of the information provided to or reviewed by UBS for the purpose of its opinion. In addition, with the consent of Neoprobe's Board of Directors, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise)

of the GDS Business, and was not furnished with any such evaluation or appraisal. With respect to the financial forecasts and estimates referred to above, UBS assumed, at the direction of Neoprobe's Board of Directors, that they had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of Neoprobe's management as to the future financial performance of the GDS Business. These forecasts and estimates contemplated that Neoprobe would not receive any royalty payments pursuant to the Asset Purchase Agreement following consummation of the Asset Sale. As Neoprobe's Board of Directors was aware, the financial and operating characteristics of the GDS Business caused its financial results to have limited comparability, for valuation purposes, to those of companies and transactions that UBS reviewed in the medical technology industry and, accordingly, UBS relied primarily on a discounted cash flow analysis for purposes of its opinion. UBS also relied, at the direction of Neoprobe's Board of Directors, without independent verification, upon the assessments of Neoprobe's management as to the products and technology of the GDS Business and the risks associated with such products and technology. UBS' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to UBS as of, the date of its opinion.

At the direction of Neoprobe's Board of Directors, UBS was not asked to, and it did not, offer any opinion as to the terms, other than the consideration to be received by Neoprobe in the Asset Sale to the extent expressly specified in UBS' opinion, of the Asset Purchase Agreement or any related documents or the form of the Asset Sale. In addition, UBS expressed no opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any parties to the Asset Sale, or any class of such persons, relative to the proposed consideration in such transaction. In rendering its opinion, UBS assumed, with the consent of Neoprobe's Board of Directors, that (i) the final executed form of the Asset Purchase Agreement would not differ in any material respect from the draft that UBS reviewed, (ii) the parties to the Asset Purchase Agreement would comply with all material terms of the Asset Purchase Agreement, and (iii) the Asset Sale would be consummated in accordance with the terms of the Asset Purchase Agreement without any adverse waiver or amendment of any material term or condition of the Asset Purchase Agreement. UBS also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Asset Sale would be obtained without any material adverse effect on Neoprobe, the GDS Business or the Asset Sale. At the request of Neoprobe's Board of Directors, UBS contacted third parties to solicit indications of interest in a possible transaction with Neoprobe in early 2010, and UBS also more recently contacted selected third parties to solicit indications of interest in a possible transaction with respect to the GDS Business and held discussions with a third party that contacted Neoprobe regarding such a transaction prior to the date of UBS' opinion. Except as described in this summary, Neoprobe's Board of Directors imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion. The issuance of UBS' opinion was approved by an authorized committee of UBS.

In connection with rendering its opinion to Neoprobe's Board of Directors, UBS performed a financial analysis which is summarized below. The following summary is not a complete description of the financial analysis performed and all factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. UBS' financial analysis necessarily involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect such analysis. UBS believes that its financial analysis and the summary below must be considered as a whole and that selecting portions of its financial analysis and factors without considering all portions of its financial analysis and factors could create a misleading or incomplete view of the processes underlying UBS' financial analysis and opinion. UBS did not draw, in isolation, conclusions from or with regard to any one factor for purposes of its opinion, but rather arrived at its ultimate opinion based on the results of all factors assessed as a whole.

The estimates of the future performance of the GDS Business provided by Neoprobe's management in or underlying UBS' financial analysis are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its financial analysis, UBS considered industry performance, general business and economic conditions and other matters, many of which were beyond Neoprobe's control. Estimates of the financial value of companies do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold or acquired.

The consideration in the Asset Sale was determined through negotiations between Neoprobe and Devicor and the decision by Neoprobe to enter into the Asset Purchase Agreement was solely that of Neoprobe's Board of Directors. UBS' opinion and financial analysis were only one of many factors considered by Neoprobe's Board of Directors in its evaluation of the Asset Sale and should not be viewed as determinative of the views of Neoprobe's Board of Directors or management with respect to the Asset Sale or the proposed consideration.

The following is a brief summary of the discounted cash flow analysis performed by UBS and reviewed with Neoprobe's Board of Directors on May 23, 2011 in connection with UBS' opinion relating to the proposed Asset Sale. Considering the data below without considering the full narrative description of UBS' financial analysis, including the methodologies and assumptions underlying the analysis, could create a misleading or incomplete view of UBS' financial analysis.

Discounted Cash Flow Analysis of the GDS Business. UBS performed a discounted cash flow analysis of the GDS Business utilizing financial forecasts and estimates relating to the GDS Business prepared by Neoprobe's management. UBS calculated a range of implied present values (as of May 31, 2011) of the standalone unlevered, after-tax free cash flows that the GDS Business was forecasted to generate from June 1, 2011 through the fiscal year ending December 31, 2022, and of estimated terminal values for the GDS Business, representing the value of the estimated unlevered after-tax free cash flows to be generated after such period based on estimated unlevered after-tax free cash flows for the fiscal year ending December 31, 2022, using a range of perpetuity growth rates of (1%) to 1%. Present values of cash flows and terminal values were calculated using discount rates ranging from 15% to 20%. The discounted cash flow analysis indicated a range of implied present values for the GDS Business of approximately $16.4 million to $20.0 million, as compared to the $30 million consideration to be received by Neoprobe in the Asset Sale (assuming no royalty payments).

Miscellaneous

Under the terms of UBS' engagement, Neoprobe has agreed to pay UBS for its financial advisory services in connection with the Asset Sale an aggregate fee of $2.5 million, a portion of which was payable in connection with UBS' opinion and a significant portion of which is contingent upon consummation of the Asset Sale. In addition, Neoprobe has agreed to reimburse UBS for its reasonable expenses, including fees, disbursements and other charges of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement.

In the past, UBS and its affiliates provided services to Devicor and its affiliate, GTCR Golder Rauner II, LLC and certain of its portfolio companies or other affiliates unrelated to the proposed Asset Sale ("GTCR"), for which UBS and its affiliates received compensation, including, without limitation, during the two-year period prior to the date of UBS' opinion, (i) acting as a financial advisor to Devicor in connection with a potential acquisition and (ii) providing financing to GTCR and certain of its portfolio companies or other affiliates in connection with certain acquisitions. In addition, an affiliate of UBS as of the date of UBS' opinion was a participant in credit facilities of certain portfolio companies of GTCR, for which such UBS affiliate had received and, as of the date of UBS' opinion, continued to receive fees and interest payments. In the ordinary course of business, UBS and its affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of Neoprobe and certain portfolio companies and other affiliates of GTCR and, accordingly, may at any time hold a long or short position in such securities.

Neoprobe's Board of Directors selected UBS as its financial advisor in connection with the Asset Sale because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions. UBS is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

Other Agreements and Transactions Related to the Asset Sale

Transition Services Agreement

Pursuant to the Asset Purchase Agreement, we have agreed to enter into a transition services agreement with Devicor pursuant to which we shall provide certain transitional, administrative and support services to Devicor following the closing of the Asset Sale.

Voting Agreement

In connection with the Asset Purchase Agreement, David C. Bupp, our former CEO and a director of Neoprobe has agreed to vote shares held by him in favor of the Asset Sale.

Interests of Our Directors and Executive Officers in the Asset Sale

In connection with the signing of the Asset Purchase Agreement, each of our executive officers who is party to an employment agreement that provides for payment upon a change in control has executed a waiver providing that the Asset Sale is not a change in control for purposes of the employment agreements. Additionally, David C. Bupp, our former CEO and a director of Neoprobe, has executed a waiver providing that the Asset Sale will not trigger any rights or obligations under that certain Certificate of Designations, Voting Powers, Preferences, Limitations, Restrictions, and Relative Rights of Series C Convertible Preferred Stock governing the Series C Convertible Preferred Stock held by Mr. Bupp.

Appraisal Rights

You will not experience any change in your rights as a stockholder as a result of the Asset Sale. None of Delaware law, our certificate of incorporation, or our bylaws provides for appraisal or other similar rights for dissenting stockholders in connection with the Asset Sale, and we are not independently providing stockholders with any such right. Accordingly, you will have no right to dissent and obtain payment for your shares in connection with the Asset Sale. Our shares of Common Stock will remain publicly traded on the NYSE Amex Equities stock market following the closing of the Asset Sale.

Accounting Treatment of the Asset Sale

Under accounting principles generally accepted in the United States of America, we expect to reflect the results of operations of the GDS Business as discontinued operations beginning on the date of the closing of the Asset Sale. The anticipated gain on the sale, net of any applicable taxes, will be reflected in our financial statements commencing with the quarter during which the Asset Sale is completed, following stockholder approval of the Asset Sale pursuant to the terms of the Asset Purchase Agreement. For further information, see the unaudited pro forma condensed financial information included in this proxy statement.

Financing; Source and Amount of Funds

The Asset Sale is not conditioned on Devicor’s ability to obtain financing.

Material U.S. Federal, State and Local Income Tax Consequences

The Asset Sale will not result in any material U.S. federal, state or local income tax consequences to our stockholders. The transaction will be a taxable event to Neoprobe for U.S. federal, state and local income tax purposes. The Asset Sale is expected to result in the recognition of gain for U.S. federal income tax purposes and the imposition of some U.S. federal income tax on Neoprobe in the year of the sale and may be subject to alternative minimum tax despite our cumulative federal net operating losses and federal income tax credits. In addition, we expect that all or substantially all of the taxable gain resulting from the Asset Sale will be subject to state and local income taxes and the imposition of state and local income tax on Neoprobe despite our cumulative state and local income tax losses and income tax credits. The Asset Sale also may result in Neoprobe being subject to state or local sales, use, gross receipts or other taxes in jurisdictions in which we file tax returns or have assets or activities.

Regulatory Matters

We have determined that the Asset Sale is not subject to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or the reporting and waiting requirements of any other United States antitrust law. We are not aware of any other material regulatory approvals that are required to complete the Asset Sale.

22

Financial Projections

Neoprobe's management does not as a matter of course make public full year projections. However, in connection with the process of evaluating a potential sale of the GDS Business, our management provided certain GDS Business projections to Devicor in connection with its diligence process. We believe Devicor, by virtue of its acquisition of the breast care biopsy business of Ethicon Endo-Surgery, Inc., our previous distribution partner, was uniquely qualified to evaluate the growth potential of the GDS Business. As such, as a part of its diligence process, we provided two projection scenarios to Devicor, which we refer to as the middle case and the optimistic case, the net operating incomes from which are summarized below. The middle case and the optimistic case were based on Devicor's own sales projections for 2011 and 2012 with an average growth rate of 7.1% and 18.2%, respectively by scenario, per year thereafter through 2015 and a modest growth rate of 0.6% and 0.4%, respectively by scenario, thereafter through 2022. The optimistic case reflected the possibility that our drug product, Lymphoseek, may positively influence future sales of our gamma detection devices for several years following Lymphoseek's approval. This assumed growth was the basis for the "earn-out" royalty which we may earn if Devicor achieves net revenue related to the GDS Business in excess of $21 million. In addition, we provided these two projection scenarios to our financial advisor, and also provided our financial advisor with a third scenario, referred to as the conservative case, which is also summarized below. The third scenario also used Devicor's sales projections for 2011 as a starting point, but then assumed that, starting in 2012, the GDS Business, in the absence of positive external influences or if the current installed base of devices were underutilized, would begin to experience market saturation and that sales would start to decline at an estimated rate of 8.7% per year. Our management informed our financial advisor that, in management's opinion, the conservative case was the most appropriate scenario to use for purposes of UBS's opinion.

Below, we have included material portions of these projections, which we refer to as the Projections, to give our stockholders access to certain nonpublic information prepared for purposes of considering and evaluating the Asset Sale. In all scenarios prepared, gross margins on product sales were held consistent with our historical range of experience and direct operating expenses were assumed at historical levels with an assumed growth. The Projections were prepared by Neoprobe's management for internal use and were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the American Institute of Certified Public Accountants regarding forward-looking information or generally accepted accounting principles.

Neither Neoprobe's independent registered public accounting firm, BDO USA, LLP, nor any other independent accountants have compiled, examined or performed any procedures with respect to the Projections, nor have they expressed any opinion or given any form of assurance on the projections or their achievability. The Projections are the sole responsibility of our management. Furthermore, the Projections:

- necessarily make numerous assumptions, many of which are beyond the control of Neoprobe and may not prove to be accurate;
- except as indicated below, do not necessarily reflect changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the projections were prepared;
- are not necessarily indicative of current values or future performance, which may be significantly more favorable or less favorable than as set forth below; and
- should not be regarded as a representation that they will be achieved.

The Projections are not a guarantee of performance. They involve significant risks, uncertainties and assumptions. The future financial results of the GDS Business may materially differ from those expressed in the Projections due to

factors that are beyond our ability to control or predict. We cannot assure you that the Projections will be realized or that the future financial results of the GDS Business will not materially vary from the Projections. We do not intend to update or revise the Projections.

The Projections are forward-looking statements. For information on factors which may cause our future financial results to materially vary, see "Cautionary Statement Concerning Forward-Looking Information" on page [•], "Risk Factors Related to the Asset Sale" on page [•], and the "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and our subsequent SEC filings.

The Projections estimate profitability at the operating income level related to the GDS Business only. They include operating expenses directly attributable to the GDS Business in the form of research and development costs and manufacturing-support related expenses but include only a small allocation for general and administrative expenses which management believes could be readily attributed to, and fairly reflect the requirements of, the support of manufacturing, shipping and invoicing activities for GDS-related products that a company such as Devicor or another third party with similar marketing and distribution infrastructure and expertise might reasonably expect to incrementally incur related to operating the GDS Business. Expenses related to the Remaining Businesses as well as general and administrative expenses which support the Company's overall corporate infrastructure have been excluded as well interest income, other income and expenses, and all income taxes which have also been excluded. The Projections have been prepared on a non-GAAP basis, which excludes general corporate overhead, stock-based compensation expenses, and amortization of intangible assets. In 2010, these expenses totaled $75,000, $77,000 and $8,000, respectively.

Non-GAAP Projections (in thousands)

Conservative Case

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	202
Net Operating Income	$5,878	$5,836	$5,704	$5,348	$5,218	$4,626	$4,098	$3,582	$3,079	$2,554	$2,340	$2,1

Middle Case

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Operating Income	$5,561	$5,976	$6,403	$6,779	$7,303	$7,346	$7,392	$7,439	$7,489	$7,542	$7,597	$7,6

Optimistic Case

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Operating Income	$6,078	$6,975	$8,206	$9,573	$11,320	$11,371	$11,425	$11,481	$11,540	$11,602	$11,667	$11,

In preparing the Projections, we made a number of assumptions, including assumptions regarding the following:

- Revenue growth;
- Costs and operating expenses;
- A lack of any significant development projects intended to expand product offerings or capabilities; and
- A lack of future acquisitions for the GDS Business.

Non-GAAP Financial Measures

As noted above, the Projections have been prepared on a non-GAAP basis, which, as stated above, excludes general corporate overhead, stock-based compensation expenses, and amortization of intangible assets. We believe that the non-GAAP measures, when viewed in addition to and not in lieu of our reported GAAP results, assist in the understanding of our results of operations, and in the case of this transaction, provide potential buyers such as Devicor with a more thorough understanding of the resources that would need to be expended by their organization following the acquisition of the GDS Business.

Neoprobe uses non-GAAP financial measures internally to evaluate its performance from period to period and against our operating budgets. We also believe that investors benefit from seeing “through the eyes of management” as our operating budgets and compensation programs are based on the non-GAAP financial measures. The economic substance behind our decision to use such non-GAAP measures is that such measures approximate our controllable operating performance more closely than the most directly comparable GAAP financial measures.

The material limitation associated with the use of the non-GAAP financial measures is that the non-GAAP measures do not reflect the full economic impact of our activities and reliance solely on non-GAAP measures may lead management to make business decisions with unanticipated economic consequences on our GAAP financial results. We compensate for this limitation by not relying exclusively on non-GAAP financial measures to make business decisions. We also continuously reevaluate which non-GAAP measures are appropriate.

RISK FACTORS RELATING TO THE ASSET SALE

You should consider carefully the risk factors described below and those risk factors generally associated with our business contained in our Annual Report on Form 10-K for the year ended December 31, 2010, and our subsequent SEC filings, along with other information provided to you in this proxy statement, in deciding how to vote on the proposal to approve the sale of the GDS Business to Devicor pursuant to the terms of the Asset Purchase Agreement. See "Where You Can Find More Information; Incorporation by Reference."

The risk factors described below are not the only ones facing Neoprobe. Additional considerations not presently known to us or that we currently believe are immaterial may also impair our business operations. If any of the following risk factors actually occur, our business, financial condition or results of operations could be materially adversely affected, the market price of our Common Stock may decline, and you may lose all or part of your investment.

The Asset Sale may not be completed or may be delayed if the conditions to closing are not satisfied or waived.

The sale of the GDS Business to Devicor may not be completed or may be delayed because the conditions to closing, including approval of the transaction by our stockholders and the absence of a material adverse effect before the closing, may not be satisfied or waived. If the Asset Sale is not completed, we may have difficulty recouping the costs incurred in connection with negotiating the Asset Sale, our relationships with our customers, suppliers and employees may be damaged, and our business may be harmed.

If we fail to complete the Asset Sale, our business may be harmed.

As a result of our announcement of the Asset Sale, third parties may be unwilling to enter into material agreements with respect to our GDS Business. New or existing customers and business partners may prefer to enter into agreements with our competitors who have not expressed an intention to sell their business because customers and business partners may perceive that such new relationships are likely to be more stable. Employees working in our GDS Business may become concerned about the future of the business and lose focus or seek other employment. If we fail to complete the Asset Sale, the failure to maintain existing business relationships or enter into new ones could adversely affect our business, results of operations, and financial condition. If we fail to complete the Asset Sale, we will also retain and continue to operate our GDS Business. The resultant potential for loss or disaffection of employees or customers of our GDS Business could have a material, negative impact on the value of the GDS Business.

In addition, if the Asset Sale is not consummated, our directors, executive officers and other employees will have expended extensive time and effort and will have experienced significant distractions from their work during the pendency of the transaction, and we will have incurred significant third party transaction costs, in each case, without any commensurate benefit, which may have a material and adverse effect on our stock price and results of operations.

Failure to complete the Asset Sale may cause the market price for our Common Stock to decline.

If our stockholders fail to approve the sale of the GDS Business to Devicor, or if the Asset Sale is not completed for any other reason, the market price of our Common Stock may decline due to various potential consequences, including:

- we may not be able to sell our GDS Business to another party on terms as favorable to us as the terms of the Asset Purchase Agreement;

- the failure to complete the Asset Sale may create substantial doubt as to our ability to effectively implement our current business strategies; and

- our costs related to the Asset Sale, such as legal and accounting fees, must be paid even if the Asset Sale is not completed.

If the Asset Sale is not completed, we may explore other potential transactions, but the alternatives may be less favorable to us, and there can be no assurance that we will be able to complete an alternative transaction.

If the sale of our GDS Business to Devicor is not completed, we may explore other potential transactions, including a sale of the GDS Business to another party on such terms as the Board of Directors may approve. The terms of an alternative transaction may be less favorable to us than the terms of the Asset Sale and there can be no assurance that we will be able to reach agreement with or complete an alternative transaction with another party.

The amount of net proceeds that we will receive from the Asset Sale is subject to uncertainties.

Pursuant to the Asset Purchase Agreement, the amount that we receive from the Buyer is subject to the possibility of reduction by virtue of a purchase price adjustment described below under "The Asset Purchase Agreement—General." The amount of net proceeds is subject to further reduction after the closing if the Buyer successfully asserts claims for indemnification pursuant to the indemnification provisions of the Asset Purchase Agreement. See "The Asset Purchase Agreement—Indemnification." Furthermore, we may have unforeseen liabilities and expenses that must be satisfied from the after-tax net proceeds of the Asset Sale, leaving less to fund our remaining operations.

In addition, the royalty payments contemplated by the Asset Purchase Agreement are subject to uncertainties, many of which are beyond our control. It is possible that these payments may be materially less than we expect or may not be owed to us at all.

You are not guaranteed any of the proceeds from the Asset Sale.

The purchase price for the Asset Sale will be paid directly to our Company. You should not vote in favor of the Asset Sale based upon the assumption that you will receive any portion of the net proceeds from the Asset Sale.

Management could allocate, spend or invest the net proceeds from the Asset Sale in ways with which our stockholders may not agree.

Our management could allocate, spend or invest the proceeds from the sale of the GDS Business to Devicor in ways with which our stockholders may not agree, including allocation to growth of our product pipeline. The investment of these proceeds may not yield a favorable return.

By completing the Asset Sale, we will no longer be engaged in the GDS Business.

Our GDS Business accounted for 94% of our revenue in 2010. By selling all of our assets primarily relating to the GDS Business to Devicor, we will be exiting the business associated with our GDS line of gamma detection device systems. If the Asset Sale is consummated, our lead radiopharmaceutical pipeline products and drug development portfolio will be our only operating businesses and, accordingly, our profitability will be entirely dependent upon these lines of businesses. These businesses have generated no appreciable revenue and have caused us to incur significant operating expenses and resulted in the incurrence of substantial losses. We expect to continue to incur operating expenses and anticipate our expenses and losses will increase in the foreseeable future as we continue our efforts to develop our research pipeline until at least such time as we are able to get one of our radiopharmaceutical products cleared for marketing, which may happen in 2012 at the earliest. Even in the event that all royalty payments are received by us pursuant to the Asset Purchase Agreement, these funds may not collectively be sufficient to fund our anticipated losses and expenses. Accordingly, we may need to seek additional funding. We would likely seek such funding through public or private financing or some combination thereof. Additional funding may not be available to us on acceptable terms, or at all.

If the Asset Sale is completed, our remaining business and assets will be less diversified.

After selling our GDS Business, we will focus our efforts on developing our lead radiopharmaceutical pipeline products and drug development portfolio. We may encounter unanticipated difficulties or challenges as we transition into a specialty pharmaceutical company. If we are unable to address and overcome these difficulties or challenges, we may not be successful with our new business focus.

Our Pharmaceutical Business is generating losses.

We are currently experiencing losses in our Pharmaceutical Business and we expect to continue to use significant cash and incur increased operating expenses to support this initiative, including costs associated with the development of our radiopharmaceutical pipeline products, Lymphoseek (tilmanocept) and RIGScan, costs to develop and acquire technology and infrastructure to support our Pharmaceutical Business, promotional costs associated with reaching consumers, and costs of obtaining personnel with the necessary expertise. These investments, which typically are made in advance of revenue, may not yield increased revenue to offset these expenses. As a result of these factors, the future revenue and income potential of our Pharmaceutical Business is uncertain. Any evaluation of our Pharmaceutical Business and our prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in our early stage of development. Some of these risks and uncertainties relate to our ability to do the following:

- maintain our current relationships, and develop new relationships, with customers, channel partners and employees;
- continue to grow our revenue and meet anticipated growth targets;
- manage our expanding operations and implement and improve our operational, financial and management controls;
- adapt to industry consolidation;
- successfully introduce new products and services for consumers;
- navigate complex regulatory and clinical development processes;
- respond to and abide by government requirements relating to our Pharmaceutical Business;
- respond effectively to competition; and
- attract and retain qualified management and employees.

If we are unable to address these risks, our business, results of operations and prospects could suffer.

If the Asset Sale is completed, we will be a small public company with an enhanced cash balance.

Once the Asset Sale is completed, we will remain a publicly traded company and will continue to be subject to SEC and NYSE Amex rules and regulations, including the Sarbanes-Oxley Act of 2002. While all public companies face the costs and burdens associated with being publicly traded, given the size of our company, the costs and burden of being a public company will be a significant portion of our annual revenues. In addition, given our size and the fact that the sole focus of our business will be our Pharmaceutical Business, our management will have an even greater expectation from stockholders and industry analysts to produce improved quarterly financial results for our Pharmaceutical Business as compared to the periods prior to the Asset Sale when the diversity of our revenue streams could enable one of our businesses to offset weakness in the other businesses. After giving effect to the Asset Sale, our cash balance will increase.

We will be unable to compete with Devicor for a period of five years after the date of the closing of the Asset Sale.

The Asset Purchase Agreement provides that for a period of five years after the date of the closing of the Asset Sale, we will be prohibited from activities that involve the marketing, distribution or sale of devices primarily used for the

diagnosis or identification of cancer in human beings. These restrictions may prevent us from pursuing business opportunities that would be attractive to us or our stockholders.

The Asset Purchase Agreement will expose us to contingent liabilities that could have a material adverse effect on our financial condition.

We have agreed to indemnify the Buyer for breaches of any representation, warranty, or covenant made by us in the Asset Purchase Agreement, for losses arising out of or in connection with excluded assets or excluded liabilities, and for certain other matters. Significant indemnification claims by the Buyer could have a material adverse effect on our financial condition. We will not be obligated to indemnify the Buyer for any breach of the representations, warranties or covenants made by us under the Asset Purchase Agreement until the aggregate amount of claims for indemnification exceed $100,000. In the event that claims for indemnification for breach of most of the representations and warranties made by us under the Asset Purchase Agreement exceed this threshold, we will be obligated to indemnify the Buyer for any damages or loss resulting from such breach up to approximately $5 million. Claims for indemnification for breaches of covenants made by us under the Asset Purchase Agreement and for breaches of representations and warranties classified as fundamental representations will not be subject to the deductible or aggregate liability cap described above.

Neoprobe's directors and executive officers have interests in the Asset Sale that may be different from, or in addition to, the interests of our stockholders.

Neoprobe's directors and executive officers have interests in the Asset Sale that are different from, or in addition to, the interests of Neoprobe stockholders. These interests include the potential acceleration of the vesting of restricted stock, restricted stock units and stock options held by such persons upon consummation of the Asset Sale. As a result of these interests, Neoprobe's directors and executive officers could be more likely to recommend a vote in favor of the Asset Sale than if they did not hold these interests, and may have reasons for doing so that are not the same as the interests of our other stockholders. See "The Asset Sale—Interests of Our Directors and Executive Officers in the Asset Sale."

The Asset Purchase Agreement limits our ability to pursue alternatives to the Asset Sale.

The Asset Purchase Agreement contains provisions that make it more difficult for us to sell our business to any party other than the Buyer. These provisions include the prohibition on our ability to solicit competing proposals and the requirement that we pay a termination fee of $1 million if the Asset Purchase Agreement is terminated in specified circumstances. See "The Asset Purchase Agreement—Termination" and "The Asset Purchase Agreement—No Negotiation or Solicitation of Competing Transaction." These provisions could discourage a third party that might have an interest in acquiring all of or a significant part of Neoprobe or the GDS Business from considering or proposing an alternative transaction, even if that party were prepared to pay consideration with a higher value than the consideration to be paid by the Buyer.

We may make acquisitions, or invest in new products for our development pipeline, in the Pharmaceutical Business that may not prove successful.

We may not be able to identify suitable acquisition candidates, or products to add to our development pipeline, at prices we consider appropriate. If we do identify an appropriate acquisition candidate or products for the development pipeline, our management may not be able to effectively implement our acquisition and development programs and internal growth strategy simultaneously. The integration of acquisitions involves a number of risks and presents financial, managerial and operational challenges. We may have difficulty, and may incur unanticipated expenses related to, integrating management and personnel from these acquired entities with our management and personnel. Our failure to identify, consummate or integrate suitable acquisitions or product candidates could adversely affect our Pharmaceutical Business. We cannot readily predict the timing, size or success of our future acquisitions. Failure to successfully integrate future acquisitions or product candidates could have a material adverse effect on our business,

prospects, financial condition and results of operations.

Economic or market factors could cause a decline in spending for pharmaceuticals, adversely affecting our financial results.

Our revenue and profitability will depend on the overall demand for our specialty pharmaceutical products. Delays or reductions in demand for our products could materially adversely affect our financial results. If the markets for specialty pharmaceutical products decline, our business, results of operations or financial condition could be materially adversely affected.

ASSET PURCHASE AGREEMENT

The following summary of the Asset Purchase Agreement is not complete and is qualified in its entirety by reference to the copy of the Asset Purchase Agreement attached to this proxy statement as Appendix A and incorporated by reference herein. We urge you to read the Asset Purchase Agreement carefully and in its entirety because it, and not the summary set forth in this proxy statement, is the legal document that governs the Asset Sale.

The terms of the Asset Purchase Agreement (such as the representations and warranties) are intended to govern the contractual rights and relationships, and allocate risks, between the parties in relation to the Asset Sale. The Asset Purchase Agreement contains representations and warranties that Neoprobe, on the one hand, and Devicor, on the other hand, made to each other as of specific dates. The representations and warranties were negotiated between the parties with the principal purpose of setting forth their respective rights with respect to their obligations to consummate the Asset Sale and may be subject to important limitations and qualifications as set forth therein, including a contractual standard of materiality different from that generally applicable under federal securities laws. In addition, certain representations and warranties relate to information that is not known currently by either party and have been negotiated such that the risk that such representations or warranties are ultimately shown to not be true is allocated between the parties.

In addition, such representations and warranties are qualified by information in confidential disclosure schedules that Neoprobe and Devicor have exchanged in connection with signing the Asset Purchase Agreement. While Neoprobe does not believe that the disclosure schedules contain information that the securities laws require to be publicly disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached Asset Purchase Agreement. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they are modified by the underlying disclosure schedules. These disclosure schedules contain certain information that has been included in our prior public disclosures, as well as additional non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Asset Purchase Agreement, which subsequent information may or may not be fully reflected in our public disclosures.

General

Under the terms of the Asset Purchase Agreement, Devicor has agreed to purchase the assets of the GDS Business. Pursuant to the terms of the Asset Purchase Agreement, upon the closing of the Asset Sale, Devicor will: (i) make a cash payment to us of $30,000,000; (ii) assume certain liabilities of the Company associated with the GDS Business as specified in the Asset Purchase Agreement; and (iii) make royalty payments of up to an aggregate maximum amount of $20,000,000 based on the net revenue attributable to the GDS Business over the course of the six fiscal years ended December 31, 2012, 2013, 2014, 2015, 2016 and 2017 (the foregoing consideration hereinafter referred to collectively as the “Aggregate Consideration”).

The Aggregate Consideration is subject to adjustments based upon changes in the net working capital attributable to the GDS Business, as determined by subtracting the current liabilities of Neoprobe assumed by Devicor pursuant to the Asset Purchase Agreement from the current assets of Neoprobe acquired by Devicor, as determined in accordance with the principles set forth in the Asset Purchase Agreement. The adjustment amount, if any, will be deducted from Aggregate Consideration.

Closing

Closing of the Asset Sale under the Asset Purchase Agreement will occur within three business days following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the transactions contemplated thereby, including the adoption and approval of the Asset Sale and the Asset Purchase Agreement by the holders of a majority of our Common Stock outstanding on the Record Date, or at such other time as we and Devicor may agree upon in writing.

Representations and Warranties

The Asset Purchase Agreement contains a number of customary representations and warranties applicable to us, subject in some cases to customary qualifications, relating to, among other things, the following:

- corporate existence and power to consummate the Asset Sale;
- authorization, validity, and enforceability of the Asset Purchase Agreement;
- binding effect of the Asset Purchase Agreement and the other agreements contemplated thereby;
- conflicts or violations under charter documents, contracts and instruments or law;
- title to property and purchased assets and sufficiency of the purchased assets for the continued conduct of the GDS Business;
- governmental permits;
- compliance with laws and litigation associated with the GDS Business;
- labor and employment matters related to the GDS Business;
- contracts related to the GDS Business;
- absence of certain changes related to the GDS Business;
- intellectual property matters related to the GDS Business;
- taxes;
- customers and suppliers related to the GDS Business;
- contracts of Neoprobe and its affiliates;
- brokers' or finders' fees, and other fees with respect to the Asset Sale; and
- warranties and product liability claims.

Certain representations and warranties in the Asset Purchase Agreement provide exceptions for items that are not reasonably likely to have a "Material Adverse Effect." For purposes of the Asset Purchase Agreement, a "Material Adverse Effect" means a material adverse effect on the assets of the GDS Business, the liabilities of the GDS Business to be assumed by Devicor or the financial condition or results of operations of the GDS Business; provided, however, that none of the following by themselves shall be deemed to be a Material Adverse Effect: (i) general changes in the U.S. economy but only to the extent not disproportionately affecting the GDS Business, the assets of the GDS Business, or the liabilities of the GDS Business to be assumed by Devicor; (b) general changes in the industry in which the GDS Business operates but only to the extent not disproportionately affecting the GDS Business, the assets of the GDS Business, or the liabilities of the GDS Business to be assumed by Devicor; (c) changes resulting from any announcement by Neoprobe of its intention to sell the GDS Business; and (d) any change resulting from compliance by Neoprobe with the terms of, or the taking of any action contemplated by, the Asset Purchase Agreement or the Transition Services Agreement.

The Asset Purchase Agreement also contains a number of customary representations and warranties applicable to Devicor, subject in some cases to customary qualifications, relating to, among other things, the following:

- corporate existence and power to consummate the Asset Sale;
- authorization, validity, and enforceability of the Asset Purchase Agreement;
- binding effect of the Asset Purchase Agreement and the other agreements contemplated thereby;
- conflicts or violations under charter documents, contracts and instruments or law;

- brokers' or finders' fees, and other fees with respect to the Asset Sale;
- the availability of funds necessary to allow Devicor to consummate the Asset Sale; and
- assessment of the GDS Business.

Indemnification; Survival of Indemnification Obligations

After the closing of the Asset Sale, we have agreed to indemnify and hold Devicor and its affiliates harmless from any loss arising out of (i) any breach of representations and warranties by us, (ii) breaches by us of any covenants or agreements made or to be performed by us under the Asset Purchase Agreement, (iii) any excluded assets or liabilities under the Asset Purchase Agreement, and (iv) our fraud or intentional misrepresentation or criminal acts. In general, we are required to indemnify Devicor for any indemnifiable losses arising out of a breach of our representations or warranties, subject to certain exceptions, for a period of 18 months following the closing date of the Asset Sale. In general, we are not obligated to make Devicor whole for any losses suffered as a result of breaches of our representations and warranties until Devicor suffers losses in excess of $100,000, at which point we are obligated to indemnify Devicor for all losses in, including those less than $100,000, subject to limitations set forth below. In addition, our liability for any claim for indemnification brought by Devicor based upon a breach of a representation or warranty is, subject to certain exceptions described below, limited to $5,000,000. Claims for (i) fraud or intentional misrepresentation, (ii) breaches of agreements and covenants (iii) liabilities and assets retained by us under the Asset Purchase Agreement; and (iv) breaches of representations and warranties regarding our corporate existence, validity of the Asset Purchase Agreement, the authorization of the Asset Sale and non-contravention of existing agreements by the Asset Sale, title to assets of the GDS Business subject to the Asset Sale, intellectual property, taxes and employee benefit matters, are not subject to the limitations on indemnification set forth above, and Devicor may proceed directly against us for any such claims.

After closing of the Asset Sale, Devicor has agreed to indemnify and hold us and our affiliates harmless from any loss arising out of (i) any breach of representations and warranties by Devicor, (ii) breaches by Devicor of any covenants or agreements made or to be performed by it under the Asset Purchase Agreement, (iii) any liability assumed by Devicor under the Asset Purchase Agreement, or (iv) any liabilities of Devicor with respect to, or arising out of, the operation (including the payment of taxes attributable to periods after the closing) of the GDS Business flowing the effective time of the Asset Sale. In general, Devicor is not obligated to make us whole for any losses arising out of breaches of Devicor's representations and warranties until we suffers losses in excess of $100,000, at which point Devicor is obligated to indemnify us for all losses, including those less than $100,000. In addition, Devicor's liability for any claim for indemnification brought by us is, subject to certain exceptions, limited to $5,000,000.

Covenants and Agreements

Under the Asset Purchase Agreement, we have agreed to abide by certain customary covenants prior to the closing of the Asset Sale or the earlier termination of the Asset Purchase Agreement. Among others, these covenants include an agreement to not take any of the following actions without the written consent of Devicor:

- amend our certificate of incorporation or bylaws in any manner which could reasonably be expected to adversely affect the transactions contemplated by the Asset Purchase Agreement;
- sell or license any of the intellectual property being purchased by Devicor to any third party;
- merge or consolidate with any entity or acquire any interest in any business or entity (which could reasonably be expected to adversely affect the transactions contemplated by the Asset Purchase Agreement)

- change any of the accounting principles or practices used by it in the preparation of the Company's financial statements or revalue or reclassify in any material respect any of the assets being purchased by Devicor;

- create, incur, assume or suffer to exist any new liens (except for certain liens permitted pursuant to the Asset Purchase Agreement) affecting any of the assets being purchased by Devicor;

- change in any material respect our pricing policies or credit practices, the rate or timing of our payment of accounts payable or our collection of accounts receivable or change our earnings accrual rates on contracts, except as required by GAAP;

- increase the compensation payable or to become payable to, any employees specifically associated with the GDS Business, except increases in compensation as may be required by existing executive and employee compensation plans, mandated by law or consistent with past practices in the ordinary course of the GDS Business;

- change the overall character of the business, operations, activities and practices of the GDS Business in any material way; (ii) enter into, terminate or amend in any material respect any contract associated with the GDS Business (except to the extent necessary to obtain any consents for transfer contemplated by the Asset Purchase Agreement); or (iii) except in the ordinary course of the GDS Business, sell, lease, or grant any option to sell or lease, give a security interest in or otherwise create any lien on any of the assets of the GDS Business;

- pay, discharge, settle or satisfy any material claims, liabilities or obligations relating to the GDS Business, other than the payment, discharge or satisfaction, in the ordinary course of the GDS Business or in accordance with their terms, of liabilities reflected or reserved against in the financial statements (or the notes thereto), or not required by GAAP to be so reflected or reserved, or waive any material benefits of, or agree to modify any material confidentiality, standstill, non- solicitation or similar agreement relating to the GDS Business to which Neoprobe is a party;

- create or issue or grant any option or other right to subscribe, purchase or redeem any of our securities;

- enter into any binding agreement or arrangement with the United States Food and Drug Administration (or any similar regulatory authority), with respect to the GDS Business;

- enter into any binding agreement or arrangement with the Internal Revenue Service (or any other tax authority), with respect to the GDS Business;

- fail to use our reasonable efforts to comply with all applicable laws affecting or relating to the GDS Business.

No Negotiation or Solicitation of Competing Transaction

The Asset Purchase Agreement provides that, except as specifically provided for in the Asset Purchase Agreement, we will not (and we will cause our employees, officers, directors and agents not to), directly or indirectly, solicit, initiate or encourage any inquiries or the making of any proposal with respect to any merger, consolidation or other business combination involving the GDS Business or the Company or the acquisition of all or substantially all of the assets or capital stock of the GDS Business or the Company, or negotiate, explore or otherwise engage in discussions with any person, or enter into any agreement, with respect to any such a transaction or enter into any agreement, arrangement or understanding requiring us to abandon, terminate or fail to consummate any of the transactions contemplated by the Asset Purchase Agreement.

Employee Matters

Upon the consummation of the Asset Sale we will terminate the employment of employees specifically associated with the GDS Business and identified in the schedules to the Asset Purchase Agreement included in Appendix A

attached to this proxy (the “Business Employees”), and will, effective upon their employment with Devicor, release each Business Employee from any non-competition obligations owed to Neoprobe to the extent such obligations relate to the GDS Business.

Devicor shall offer employment, effective as of the Effective Time and subject to Devicor's normal employment practices, to each of the Business Employees. We shall retain responsibility for all costs arising on account of periods ending with the effective time of the Asset Sale with respect to all of the Business Employees.

During the five year period from and after the closing date of the Asset Sale, neither Devicor nor its affiliates shall solicit or hire any person employed by Neoprobe on the date of the Asset Purchase Agreement other than the Business Employees or any person hired by Neoprobe prior to the termination or expiration of the Transition Services Agreement.

In addition, directly or indirectly, during the five year period from and after the closing of the Asset Sale (the "Restrictive Period"), we may not solicit, encourage to leave employment, or hire any person employed by Devicor on the date the Asset Purchase Agreement was executed, any person hired by Devicor prior to termination or expiration of the Transition Services Agreement or any Business Employee, or induce or attempt to induce, or assist anyone else to induce or attempt to induce, any customer of Devicor to reduce or discontinue its business with Devicor or disclose to anyone else the name and/or requirements of any such customer.

Recommendation

Our Board of Directors shall not (i) withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to Devicor, its recommendation that the Company's stockholders approve the Asset Sale or (ii) approve or recommend or propose publicly to approve or recommend to any of our stockholders, or otherwise permit or cause Neoprobe to accept or enter into, a transaction which frustrates the purpose of the Asset Sale (a "Contrary Transaction"). Neither the Company nor any of its subsidiaries shall approve, recommend, publicly propose or enter into any agreement with respect to a Contrary Transaction, and neither the Company nor any of its subsidiaries shall release any third party from, or waive any provisions of, any confidentiality and standstill agreement to which the Company is a party.

Covenant Not to Compete or Disclose

Pursuant to the Asset Purchase Agreement, the Company has agreed that it shall not, and shall cause its affiliates not to:

- during the Restrictive Period, directly or indirectly through any entity, as a principal, employee, partner, shareholder, member, officer, director, manager, agent, lender, paid or unpaid consultant or otherwise, compete with, assist in or provide financial resources to any activity which involves the marketing, distribution or sale of devices primarily used for the diagnosis or identification of cancer in human beings anywhere in the United States and anywhere outside the United States where the GDS Business is currently conducted or, as of the closing date of the Asset Sale, planned to be conducted; provided that the foregoing shall not prohibit Neoprobe or any of its affiliates from engaging in the marketing, distribution or sale of biologics or pharmaceuticals, including radiopharmaceuticals; or

- use or disclose to anyone except authorized personnel of the GDS Business and Governmental Authorities pursuant to law, whether or not for our benefit or otherwise, any trade secrets or confidential matters primarily concerning or material to the GDS Business.

Use of Neoprobe Trade Marks and Trade Names

As soon as practicable following the consummation of the Asset Sale, and in any event within six months following the closing date of the Asset Sale, we have agreed to cease to make any use of any of the Neoprobe trade marks and

trade names, including any name or mark confusingly similar thereto both in the United States and outside of the United States. As promptly as practicable but in no event later than six months following the closing date of the Asset Sale, we must remove, strike over or otherwise obliterate all such trademarks and trade names from all materials used in the United States or outside the United States, including any vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, computer software and other materials.

Distribution Rights

In the event that, following the consummation of the Asset Sale we (or any of our affiliates) desire to engage a third party to distribute any medical device used in surgical oncology primarily having a diagnostic purpose, including, without limitation, medical devices used for the detection of fluorescence labeled compounds or antibodies ("Other Products"), then (i) for a period of five (5) years following the closing date of the Asset Sale Devicor shall have a right of first refusal to distribute such Other Products on commercially reasonable terms no less favorable to Devicor than the terms offered by an unaffiliated third party, but in no event less favorable to Devicor than the terms set forth in the existing Distribution Agreement, dated and effective as of September 28, 1999, between Devicor (as assignee of Ethicon Endo-Surgery, Inc.) and Neoprobe, as amended from time to time; and thereafter (ii) for a period of an additional seven (7) years Devicor shall have a right of first refusal to distribute such Other Products on commercially reasonable terms no less favorable to Devicor than the terms offered by an unaffiliated third party. Notwithstanding the foregoing, in the event that Neoprobe is acquired by a third party prior to the expiration of the 12-year period, these covenants shall not apply to such acquirer and its affiliates other than Neoprobe and its affiliates existing immediately prior to such acquisition.

Conditions to Completion of the Asset Sale

The obligations of us and Devicor to complete the Asset Sale are subject to the satisfaction or waiver of certain customary conditions, including, the absence of any order, statute, rule, regulation, executive order, stay, decree, judgment or injunction which prohibits or prevents the consummation of the transactions contemplated by this Agreement or the closing of the Asset Sale.

In addition, the obligations of Devicor to complete the Asset Sale are subject to the satisfaction by us or waiver by Devicor of conditions, including the following:

- our receipt of stockholder approval for the Asset Sale;
- our representations and warranties shall be true and correct in all material respects, except for those representations and warranties that are qualified as to materiality which shall be true and correct in all respects, on and as of the closing date of the Asset Sale with the same effect as if such representations and warranties had been made on and as of that date, except to the extent that any such representation or warranty by its terms relates to an earlier date, and except to the extent of any change expressly consented to in writing by Devicor;
- we shall have performed and complied in all material respects with each of the covenants, agreements and obligations we are required to perform under the Asset Purchase Agreement;
- the absence of a Material Adverse Effect; and
- we shall have obtained consent to the assignment to Devicor of certain contracts associated with the GDS Business.

Our obligation to complete the Asset Sale is subject to the satisfaction by Devicor or waiver by us of conditions, including the following:

- Devicor's representations and warranties shall be true and correct in all material respects, except for those representations and warranties that are qualified as to materiality which shall be true and correct in all respects, on and as of the closing date of the Asset Sale with the same effect as if such representations and warranties had been made on and as of that date, except to the extent that any such representation or warranty by its terms relates to an earlier date, and except to the extent of any change expressly consented to in writing by Devicor; and

- Devicor shall have performed and complied in all material respects with each of the covenants, agreements and obligations Devicor is required to perform under the Asset Purchase Agreement.

Termination

We and Devicor may by mutual written consent terminate the Asset Purchase Agreement at any time prior to the completion of the Asset Sale.

Devicor may terminate the Asset Purchase Agreement at any time following the Annual Meeting of the Stockholders if the Company does not receive stockholder approval for the Asset Sale at the meeting.

In addition, either we or Devicor may, in writing, terminate the Asset Purchase Agreement at any time prior to the effective time of the Asset Sale:

- if the other party shall have breached any material provision of the Asset Purchase Agreement and shall not have cured such breach within 10 days of receiving notice; or

- if the Asset Sale has not been completed on or before the 90th calendar day after execution of the Asset Purchase Agreement.

If the Asset Sale is not approved pursuant to the terms of the Asset Purchase Agreement, we will be required to pay Devicor a fee equal to the amount of the reasonable out-of-pocket expenses, actually documented and incurred or payable by or on behalf of Devicor in connection with or in anticipation of the Asset Sale and the agreements related thereto, including all attorney's fees, financial advisor's fees, accountants' fees and filing fees (the "Termination Expenses") (provided, however, that in no event will the "Termination Expenses" exceed $500,000, in the aggregate). We may also be required to pay a $1,000,000 termination fee plus the amount of the Termination Expenses if the Asset Purchase Agreement is terminated by Devicor as a result of our breach of any of certain covenants set forth in the Asset Purchase Agreement which require, among other things that the Company's Board of Directors use its reasonable best efforts to obtain the approval of the Company's stockholders for the Asset Sale, and not withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to Devicor, its recommendation that the stockholders approve the Asset Sale or approve or recommend, or propose publicly to approve or recommend, or otherwise permit or cause the Company to accept, any other transaction which effects an acquisition, merger, consolidation or other business combination involving the GDS Business or the Company.

Expenses

The Asset Purchase Agreement provides that, except as otherwise set forth in the Asset Purchase Agreement, each party shall pay all costs and expenses incurred on its behalf in connection with the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated by the Asset Purchase Agreement, including, without limitation, the fees and expenses of their attorneys, accountants, advisors and other representatives.

Amendment

The Asset Purchase Agreement shall be amended, modified or supplemented only by a written agreement between Devicor and Neoprobe.

NEOPROBE CORPORATION AND SUBSIDIARIES
SELECTED CONSOLIDATED FINANCIAL DATA

Set forth below is our selected financial data as of the dates and for the periods indicated. The selected consolidated balance sheet data as of March 31, 2011 and the consolidated statement of operations data for the three months ended March 31, 2011 and 2010 were derived from our unaudited consolidated financial statements included in our filings on Form 10-Q for the quarters ended March 31, 2011 and 2010. The consolidated balance sheet data as of December 31, 2010 and the consolidated statement of operations data for the years ended December 31, 2010, 2009 and 2008 were derived from the audited consolidated financial statements included in our filings on Form 10-K for each of the respective periods. The data should be read in conjunction with our financial statements and notes thereto, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our filings on Forms 10-Q and 10-K. Data are in thousands, except per-share data.

	Pro Forma (a)	Historical					
	March 31,	December 31,					
	2011	2011	2010	2009	2008	2007	2006
Consolidated Balance Sheet Data:							
Total assets	$ 38,701	$ 13,874	$ 10,863	$ 9,018	$ 9,619	$ 7,063	$ 8,034
Long-term obligations	175	958	2,787	13,485	7,323	8,836	4,922
Total stockholders' equity (deficit)	35,103	8,486	4,132	(9,870)	(3,026)	(3,944)	(298)

	Pro Forma (a)		Historical						
	Three Months Ended March 31,	Year Ended December 31,	Three Months Ended March 31,		Years Ended December 31,				
	2011	2010	2011	2010	2010	2009	2008	2007	2006
Consolidated Statement of Operations Data:									
Net sales	$ —	$ —	$ 2,478	$ 2,658	$ 9,983	$ 9,418	$ 7,418	$ 6,773	$ 5,445
License and grant revenue	336	617	361	25	717	100	172	—	—
Gross profit	336	617	2,083	1,794	7,494	6,383	4,744	3,872	3,291
Research and development expenses	2,395	8,803	2,590	2,402	9,221	4,968	4,286	2,506	3,095
Selling, general and Administrative expenses	2,857	4,156	2,969	1,128	4,584	3,240	2,966	2,381	2,466
	(4,916)	(12,342)	(3,476)	(1,736)	(6,311)	(1,825)	(2,508)	(1,015)	(2,270)

Loss from operations									
Other expenses, net	(953)	(43,567)	(953)	(712)	(43,567)	(35,891)	(2,124)	(3,325)	(1,283)
Loss from continuing operations	$ (5,869)	$ (55,909)	(4,429)	(2,448)	(49,878)	(37,716)	(4,632)	(4,340)	(3,553)
Discontinued operations			7	(12)	(87)	(1,890)	(534)	(748)	(1,188)
Net loss			(4,422)	(2,460)	(49,965)	(39,606)	(5,166)	(5,088)	(4,741)
Preferred stock dividends			(25)	(60)	(8,207)	(240)	—	—	—
Loss attributable to common stockholders			$ (4,447)	$ (2,520)	$ (58,172)	$ (39,846)	$ (5,166)	$ (5,088)	$ (4,741)
Loss per common share (basic and diluted):									
Continuing operations	$ (0.07)	$ (0.79)	$ (0.05)	$ (0.03)	$ (0.72)	$ (0.51)	$ (0.07)	$ (0.07)	$ (0.06)
Discontinued operations			$ (0.00)	$ (0.00)	$ (0.00)	$ (0.03)	$ (0.01)	$ (0.01)	$ (0.02)
Loss attributable to common stockholders			$ (0.05)	$ (0.03)	$ (0.72)	$ (0.54)	$ (0.08)	$ (0.08)	$ (0.08)
Shares used in computing loss per common share:									
Basic and diluted	85,416	80,726	85,416	79,571	80,726	73,772	68,594	62,921	58,587

(a) Pro forma financial data is intended to represent the financial position and results of operations as if the GDS Business had been sold. For more information, refer to our unaudited pro forma consolidated financial statements and notes on pages [ ] - [ ].

NEOPROBE CORPORATION AND SUBSIDIARIES
GDS BUSINESS
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Neoprobe has prepared the following unaudited financial statements to show the balance sheets, statements of operations and statements of cash flows of the GDS Business on a stand-alone basis. The unaudited financial statements represent the results of operations and financial position of the GDS Business, reflecting the assets to be acquired and liabilities to be assumed by Devicor pursuant to the Asset Purchase Agreement.

The following unaudited financial statements of the GDS Business are presented:

Interim Data

- Unaudited Consolidated Balance Sheets – as of March 31, 2011 and December 31, 2010
- Unaudited Consolidated Statements of Operations – three months ended March 31, 2011 and 2010
- Unaudited Consolidated Statements of Cash Flows – three months ended March 31, 2011 and 2010
- Notes to the Unaudited Consolidated Interim Financial Statements

Full-year Data

- Unaudited Consolidated Balance Sheets – as of December 31, 2010 and 2009
- Unaudited Consolidated Statements of Operations – years ended December 31, 2010, 2009 and 2008
- Unaudited Consolidated Statements of Cash Flows – years ended December 31, 2010, 2009 and 2008
- Notes to the Unaudited Consolidated Financial Statements

The unaudited financial statements of the GDS Business, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, the historical audited consolidated financial statements and the notes thereto included in Neoprobe's Annual Report on Form 10-K for the years ended December 31, 2010 and 2009 and Quarterly Report on Form 10-Q for the three months ended March 31, 2011, as filed with the SEC, which are incorporated herein by reference.

The unaudited financial statements of the GDS Business do not purport to represent, and are not necessarily indicative of, what the actual financial results would have been had Neoprobe operated the GDS Business as a separate entity.

NEOPROBE CORPORATION AND SUBSIDIARIES
GDS BUSINESS
UNAUDITED CONSOLIDATED BALANCE SHEETS

	March 31, 2011	December 31, 2010
ASSETS		
Current assets:		
Accounts receivable, net	$1,586,897	$ 1,910,153
Inventory, net	648,052	826,588
Prepaid expenses and other	45,928	40,839
Total current assets	2,280,877	2,777,580
Property and equipment	1,029,784	1,004,136
Less accumulated depreciation and amortization	910,977	889,888
	118,807	114,248
Patents and trademarks	502,014	509,886
Less accumulated amortization	429,069	428,613
	72,945	81,273
Total assets	$2,472,629	$ 2,973,101
LIABILITIES AND NET INVESTMENT		
Current liabilities:		
Accounts payable	$183,742	$ 165,581
Accrued liabilities and other	119,933	271,443
Deferred revenue, current portion	702,388	654,430
Total current liabilities	1,006,063	1,091,454
Deferred revenue	783,181	672,924
Total liabilities	1,789,244	1,764,378
Neoprobe Corporation net investment in the GDS Business	683,385	1,208,723
Total liabilities and net investment in the GDS Business	$2,472,629	$ 2,973,101

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

NEOPROBE CORPORATION AND SUBSIDIARIES
GDS BUSINESS
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2011	2010
Revenues:		
Net sales	$2,478,274	$2,657,872
License and grant revenue	25,000	25,000
Total revenues	2,503,274	2,682,872
Cost of goods sold	755,987	888,867
Gross profit	1,747,287	1,794,005
Operating expenses:		
Research and development	194,138	133,410
Selling, general and administrative	112,907	118,772
Total operating expenses	307,045	252,182
Income from operations before income tax	1,440,242	1,541,823
Provision for income tax	576,097	616,729
Net income	$864,145	$925,094

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

NEOPROBE CORPORATION AND SUBSIDIARIES
GDS BUSINESS
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net income	$864,145	$925,094
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	21,693	34,184
Loss on disposal and abandonment of assets	14,145	353
Stock compensation expense	25,946	25,755
Issuance of common stock to 401(k) plan	10,064	13,257
Changes in operating assets and liabilities:		
Accounts receivable	323,256	196,298
Inventory	155,518	(232,007)
Prepaid expenses and other assets	(5,089)	25,716
Accounts payable	18,161	620,105
Accrued liabilities and other liabilities	(151,510)	38,858
Deferred revenue	158,215	(69,293)
Net cash provided by operating activities	1,434,544	1,578,320
Cash flows from investing activities:		
Purchases of equipment	(4,501)	—
Patent and trademark costs	(4,660)	(5,026)
Net cash used in investing activities	(9,161)	(5,026)
Cash flows from financing activities:		
Payment to parent company	(1,425,383)	(1,573,294)
Net cash used in financing activities	(1,425,383)	(1,573,294)
Net change in cash	—	—
Cash, beginning of period	—	—
Cash, end of period	$—	$—

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

NEOPROBE CORPORATION AND SUBSIDIARIES
GDS BUSINESS
NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of Presentation

Neoprobe (Neoprobe, the Company, or we) is a biomedical company focused on enhancing oncology patient care and improving patient benefit through radiopharmaceutical product development. Neoprobe is actively developing two radiopharmaceutical agent platforms – Lymphoseek® and RIGScanTM – to help surgeons better identify and treat certain types of cancer. Neoprobe's subsidiary, Cira Biosciences, Inc., is also advancing a patient-specific cellular therapy technology platform called ACT. Neoprobe's strategy is to deliver superior growth and shareholder return by bringing to market novel radiopharmaceutical agents and advancing the Company's pipeline program through continued investment and selective acquisitions.

In May 2011, Neoprobe entered into an agreement (the Asset Purchase Agreement) to sell our gamma detection device line of business (the GDS Business) to Devicor Medical, Inc. (Devicor) for $30 million, plus an additional amount of up to $20 million based on the net revenue attributable to the GDS Business through 2017. Substantially all of the GDS Business sales for all periods presented were made to Devicor (or Ethicon Endo-Surgery, Inc., prior to Devicor's acquisition of their breast biopsy business in July 2010).

Assets and liabilities being sold to Devicor include:

- Working capital related to the GDS Business, including accounts receivable, inventories, accounts payable and other accruals;
- Equipment of the GDS Business used in the manufacture, service and research and development of the products; and
- Patents and trademarks related to the GDS Business.

Assets and liabilities excluded from the sale to Devicor include:

- Cash and cash equivalents;
- Assets and liabilities related to Neoprobe in general, such as office computers, furniture and equipment;
- Assets and liabilities related to our radiopharmaceutical products;
- Assets and liabilities related to our fluorescence probe technology; and
- Other assets and liabilities as specified in the Asset Purchase Agreement.

Neoprobe has prepared these unaudited financial statements to present the assets and liabilities of the GDS Business as of March 31, 2011 and December 31, 2010, as well as the operating results and cash flows of the GDS Business for the three-month periods ended March 31, 2011 and 2010. The information presented is unaudited, but includes all adjustments (which consist only of normal recurring adjustments) that the management of Neoprobe believes to be necessary for the fair presentation of results for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission for interim financial statements. The balances as of March 31, 2011 and the results for the interim periods are not necessarily indicative of results to be expected for the year. Certain overhead and other costs have not been allocated from Neoprobe's corporate records. These consolidated financial statements should be read in conjunction with Neoprobe's audited consolidated financial statements for the year ended December 31, 2010, which were included as part of our Annual Report on Form 10-K, and with the unaudited annual financial statements of the

GDS Business for the years ended December 31, 2010, 2009 and 2008 included herein.

2. Stock-Based Compensation

Stock options granted under Neoprobe stock incentive plans generally vest on an annual basis over one to four years. Outstanding stock options under the plans, if not exercised, generally expire ten years from their date of grant or 90 days from the date of an optionee's separation from employment with the Company. We issue new shares of our common stock upon exercise of stock options.

Stock-based payments to employees and directors, including grants of stock options and restricted stock, are recognized in the consolidated statement of operations based on their estimated fair values. The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatilities are based on the Company's historical volatility, which management believes represents the most accurate basis for estimating expected volatility under the current circumstances. Neoprobe uses historical data to estimate forfeiture rates. The expected term of stock options granted is based on the vesting period and the contractual life of the options. The risk-free rate is based on the U.S. Treasury yield in effect at the time of the grant.

Compensation cost arising from stock-based awards is recognized as expense using the straight-line method over the vesting period. Restricted shares generally vest upon occurrence of a specific event or achievement of goals as defined in the grant agreements. As a result, we record compensation expense related to grants of restricted stock based on management's estimates of the probable dates of the vesting events.

For the three-month periods ended March 31, 2011 and 2010, our total stock-based compensation expense related to employees of the GDS Business was approximately $26,000 for both periods. The costs associated with these plans have been included in the corresponding statements of operations of the GDS Business and as a component of Neoprobe Corporation's net investment in the GDS Business. Upon closing of the sale to Devicor, these costs will no longer be incurred by Neoprobe and any related assets or liabilities associated with the stock compensation plans will remain with Neoprobe.

3. Accounts Receivable, net

Accounts receivable as of March 31, 2011 and December 31, 2010, net of allowance for doubtful accounts of $1,000 and $1,200, respectively, consist of the following:

	March 31, 2011	December 31, 2010
Trade	$ 1,586,897	$ 1,872,215
Other	—	37,938
	$ 1,586,897	$ 1,910,153

We estimate an allowance for doubtful accounts based on a review and assessment of specific accounts receivable and write off accounts when deemed uncollectible. We believe that we have adequately addressed our credit risks in estimating the allowance for doubtful accounts.

4. Inventory, net

The components of inventory as of March 31, 2011 and December 31, 2010, net of reserves of $82,000 and $81,000, respectively, are as follows:

	March 31, 2011	December 31, 2010
Gamma detection device materials	$ 181,917	$ 302,323
Gamma detection device finished goods	466,135	524,265
Total	$ 648,052	$ 826,588

We estimate a reserve for obsolete inventory based on management's judgment of probable future commercial use, which is based on an analysis of current inventory levels, historical and estimated future sales and production rates, and estimated shelf lives.

5. Property and Equipment

The major classes of property and equipment are as follows:

	Useful Life	March 31, 2011	December 31, 2010
Production machinery and equipment	5 years	$ 612,120	$ 607,619
Loaner units	2 years	338,741	317,594
Other machinery and equipment, primarily research equipment	5 years	78,923	78,923
		$ 1,029,784	$ 1,004,136

During the three-month periods ended March 31, 2011 and 2010, we recorded $21,000 and $32,000, respectively, of depreciation and amortization related to property and equipment of the GDS Business. During the three-month period ended March 31, 2011, we recorded losses of $2,000 on the disposal of property and equipment of the GDS Business.

6. Intangible Assets

The major classes of intangible assets are as follows:

		March 31, 2011		December 31, 2010	
	Weighted Average Remaining Life1	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and trademarks	3.2 yrs	$ 502,014	$ 429,069	$ 509,886	$ 428,613

1 The weighted average remaining life is calculated for issued patents and does not include pending patent applications or trademarks which are not currently being amortized.

The estimated amortization expenses, related to those patents and trademarks currently being amortized, for the next five fiscal years are as follows:

	Estimated Amortization Expense
For the year ended 12/31/2011	$ 1,372
For the year ended 12/31/2012	1,002
For the year ended 12/31/2013	284
For the year ended 12/31/2014	265
For the year ended 12/31/2015	236

7. Product Warranty

We warrant our products against defects in design, materials, and workmanship generally for a period of one year from the date of sale to the end customer, except in cases where the product has a limited use as designed. Our accrual for warranty expenses is adjusted periodically to reflect actual experience and is included in accrued liabilities and other on the consolidated balance sheets. Our primary marketing partner, Devicor, also reimburses us for a portion of warranty expense incurred based on end customer sales they make during a given fiscal year. Payments charged against the reserve are disclosed net of Devicor's estimated reimbursement.

The activity in the warranty reserve for the three-month periods ended March 31, 2011 and 2010 is as follows:

	Three Months Ended March 31,	
	2011	2010
Warranty reserve at beginning of period	$ 56,110	$ 61,400
Provision for warranty claims and changes in reserve for warranties	(8,460)	38,097
Payments charged against the reserve	—	(21,873)
Warranty reserve at end of period	$ 47,650	$ 77,624

8. Income Taxes

For purposes of the stand-alone GDS Business financial statements, income tax was calculated at statutory rates as if it were a separate taxpayer. All related balance sheet amounts are included as components of Neoprobe Corporation Net Investment in the GDS Business.

9. Supplemental Disclosure for Statements of Cash Flows

During the three-month periods ended March 31, 2011 and 2010, we issued 6,469 and 12,548 shares of our common stock, respectively, as matching contributions to our 401(k) plan for benefit of the GDS Business employees. During the three-month periods ended March 31, 2011 and 2010, we transferred $23,000 and $14,000, respectively, of inventory to fixed assets related to the creation and maintenance of a pool of service loaner equipment.

NEOPROBE CORPORATION AND SUBSIDIARIES
GDS BUSINESS
UNAUDITED CONSOLIDATED BALANCE SHEETS

	December 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Accounts receivable, net	$ 1,910,153	$ 1,331,495
Inventory, net	826,588	618,697
Prepaid expenses and other	40,839	83,950
Total current assets	2,777,580	2,034,142
Property and equipment	1,004,136	981,388
Less accumulated depreciation and amortization	889,888	790,992
	114,248	190,396
Patents and trademarks	509,886	486,457
Less accumulated amortization	428,613	424,479
	81,273	61,978
Total assets	$ 2,973,101	$ 2,286,516
LIABILITIES AND NET INVESTMENT		
Current liabilities:		
Accounts payable	$ 165,581	$ 307,394
Accrued liabilities and other	271,443	191,146
Deferred revenue, current portion	654,430	560,369
Total current liabilities	1,091,454	1,058,909
Deferred revenue	672,924	534,119
Total liabilities	1,764,378	1,593,028
Neoprobe Corporation net investment in the GDS Business	1,208,723	693,488
Total liabilities and net investment in the GDS Business	$ 2,973,101	$ 2,286,516

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

NEOPROBE CORPORATION AND SUBSIDIARIES
GDS BUSINESS
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2010	2009	2008
Revenues:			
Net sales	$ 9,983,174	$ 9,418,032	$ 7,417,751
License and grant revenue	100,000	100,000	171,750
Total revenues	10,083,174	9,518,032	7,589,501
Cost of goods sold	3,206,709	3,134,740	2,845,498
Gross profit	6,876,465	6,383,292	4,744,003
Operating expenses:			
Research and development	417,999	736,064	648,515
Selling, general and administrative	427,815	391,449	243,734
Total operating expenses	845,814	1,127,513	892,249
Income from operations before income tax	6,030,651	5,255,779	3,851,754
Provision for income tax	2,412,260	2,102,312	1,540,702
Net income	$ 3,618,391	$ 3,153,467	$ 2,311,052

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

NEOPROBE CORPORATION AND SUBSIDIARIES
GDS BUSINESS
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2010	2009	2008
Cash flows from operating activities:			
Net income	$3,618,391	$3,153,467	$2,311,052
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation of equipment	113,131	130,545	135,421
Amortization of intangible assets	7,998	18,143	22,074
Loss on disposal and abandonment of assets	6,919	18,706	29,919
Stock compensation expense	76,636	41,865	23,216
Issuance of common stock to 401(k) plan	13,257	14,077	12,711
Changes in operating assets and liabilities:			
Accounts receivable	(578,658)	294,570	(65,479)
Inventory	(286,508)	(117,975)	(35,844)
Prepaid expenses and other assets	43,111	(9,345)	1,144
Accounts payable	(141,813)	(11,684)	(183,404)
Accrued liabilities and other liabilities	80,297	(20,195)	(35,028)
Deferred revenue	232,866	77,704	(58,368)
Net cash provided by operating activities	3,185,627	3,589,878	2,157,414
Cash flows from investing activities:			
Purchases of equipment	—	(27,928)	(22,092)
Patent and trademark costs	(10,297)	(52,758)	(16,739)
Net cash used in investing activities	(10,297)	(80,686)	(38,831)
Cash flows from financing activities:			
Payment to parent company	(3,175,330)	(3,509,192)	(2,118,583)
Net cash used in financing activities	(3,175,330)	(3,509,192)	(2,118,583)
Net change in cash	—	—	—
Cash, beginning of year	—	—	—
Cash, end of year	$—	$—	$—

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

NEOPROBE CORPORATION AND SUBSIDIARIES
GDS BUSINESS
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

a. Organization and Nature of Operations: Neoprobe (Neoprobe, the Company, or we) is a biomedical company focused on enhancing oncology patient care and improving patient benefit through radiopharmaceutical product development. Neoprobe is actively developing two radiopharmaceutical agent platforms – Lymphoseek® and RIGScanTM – to help surgeons better identify and treat certain types of cancer. Neoprobe's subsidiary, Cira Biosciences, Inc., is also advancing a patient-specific cellular therapy technology platform called ACT. Neoprobe's strategy is to deliver superior growth and shareholder return by bringing to market novel radiopharmaceutical agents and advancing the Company's pipeline program through continued investment and selective acquisitions.

In May 2011, Neoprobe entered into an agreement (the Asset Purchase Agreement) to sell our gamma detection device line of business (the GDS Business) to Devicor Medical, Inc. (Devicor) for $30 million, plus an additional amount of up to $20 million based on the net revenue attributable to the GDS Business through 2017. Substantially all of the GDS Business sales for all periods presented were made to Devicor (or Ethicon Endo-Surgery, Inc., prior to Devicor's acquisition of their breast biopsy business in July 2010).

Assets and liabilities being sold to Devicor include:

- Working capital related to the GDS Business, including accounts receivable, inventories, accounts payable and other accruals;
- Equipment of the GDS Business used in the manufacture, service and research and development of the products; and
- Patents and trademarks related to the GDS Business.

Assets and liabilities excluded from the sale to Devicor include:

- Cash and cash equivalents;
- Assets and liabilities related to Neoprobe in general, such as office computers, furniture and equipment;
- Assets and liabilities related to our radiopharmaceutical products;
- Assets and liabilities related to our fluorescence probe technology; and
- Other assets and liabilities as specified in the Asset Purchase Agreement.

Neoprobe has prepared these unaudited financial statements to present the assets and liabilities of the GDS Business as of December 31, 2010 and 2009, as well as the operating results and cash flows of the GDS Business for the years ended December 31, 2010, 2009 and 2008. These unaudited financial statements of the GDS Business have been prepared from the books and records of Neoprobe Corporation in accordance with accounting principles generally accepted in the United States of America. The unaudited consolidated financial statements of the GDS Business should be read in conjunction with Neoprobe's audited consolidated financial statements for the years ended December 31, 2010 and 2009, which were included as part of our Annual Reports on Form 10-K.

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

c. Financial Instruments and Fair Value: The carrying amounts of accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments.

d. Stock-Based Compensation: Stock options granted under Neoprobe stock incentive plans generally vest on an annual basis over one to four years. Outstanding stock options under the plans, if not exercised, generally expire ten years from their date of grant or 90 days from the date of an optionee's separation from employment with the Company. We issue new shares of our common stock upon exercise of stock options.

Stock-based payments to employees and directors, including grants of stock options and restricted stock, are recognized in the statement of operations based on their estimated fair values. The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model to value share-based payments. Expected volatilities are based on the Company's historical volatility, which management believes represents the most accurate basis for estimating expected volatility under the current circumstances. Neoprobe uses historical data to estimate forfeiture rates. The expected term of stock options granted is based on the vesting period and the contractual life of the options. The risk-free rate is based on the U.S. Treasury yield in effect at the time of the grant. The assumptions used to calculate fair value for the years ended December 31, 2010, 2009 and 2008 are noted in the following table:

	2010	2009	2008
Expected volatility	61%-68 %	73%-91 %	93%-104 %
Weighted-average volatility	66 %	81 %	101 %
Expected dividends	—	—	—
Expected term (in years)	6.0-6.3	5.5-6.0	5.5-6.0
Risk-free rate	1.7%-2.4 %	1.8%-2.7 %	3.3%-3.6 %

Compensation cost arising from stock-based awards is recognized as expense using the straight-line method over the vesting period. Restricted shares generally vest upon occurrence of a specific event or achievement of goals as defined in the grant agreements. As a result, we record compensation expense related to grants of restricted stock based on management's estimates of the probable dates of the vesting events.

e. Inventory: All components of inventory are valued at the lower of cost (first-in, first-out) or market. We adjust inventory to market value when the net realizable value is lower than the carrying cost of the inventory. Market value is determined based on recent sales activity and margins achieved.

f. Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets ranging from 2 to 5 years. Maintenance and repairs are charged to expense as incurred, while renewals and improvements are capitalized.

g. Intangible Assets: Intangible assets consist primarily of patents and trademarks. Intangible assets are stated at cost, less accumulated amortization. Patent costs are amortized using the straight-line method over the estimated useful lives of the patents of approximately 5 to 15 years. Patent application costs are deferred pending the outcome of patent applications. Costs associated with unsuccessful patent applications and abandoned intellectual property are expensed when determined to have no recoverable value. We evaluate the potential alternative uses of all intangible assets, as well as the recoverability of the carrying values of intangible assets, on a recurring basis.

h. Impairment or Disposal of Long-Lived Assets: Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

i. Deferred Revenue: Deferred revenue consists primarily of non-refundable license fees and reimbursement of past research and development expenses which Ethicon Endo-Surgery, Inc. (EES), a Johnson & Johnson company, paid us as consideration for extending our distribution agreement with them. In addition, deferred revenue includes

revenues from the sale of extended warranties covering our medical devices over periods of one to five years. We recognize revenue from extended warranty sales on a pro-rata basis over the period covered by the extended warranty.

j. Revenue Recognition:

(1) Product Sales: We derive revenues primarily from sales of our medical devices. Our standard shipping terms are FOB shipping point, and title and risk of loss passes to the customer upon delivery to a common carrier. We generally recognize sales revenue when the products are shipped and the earnings process has been completed. However, in cases where product is shipped but the earnings process is not yet completed, revenue is deferred until it has been determined that the earnings process has been completed. Our customers generally have no right to return products purchased in the ordinary course of business.

Sales prices on gamma detection products sold to Devicor are subject to retroactive annual adjustment based on a fixed percentage of the actual sales prices achieved by Devicor on sales to end customers made during each fiscal year, subject to a minimum (i.e., floor) price. To the extent that we can reasonably estimate the end customer prices received by Devicor, we record sales to Devicor based upon these estimates. To the extent that we are not able to reasonably estimate end customer sales prices related to certain products sold to Devicor, we record revenue related to these product sales at the floor price provided for under our distribution agreement with Devicor.

We recognize revenue related to the sales of products to be used for demonstration units when products are shipped. Our distribution agreements do not permit return of purchased demonstration units in the ordinary course of business nor do we have any performance obligations other than normal product warranty obligations. To the extent that the earnings process has not been completed, revenue is deferred.

(2) Extended Warranty Revenue: We derive revenues from the sale of extended warranties covering our medical devices over periods of one to five years. We recognize revenue from extended warranty sales on a pro-rata basis over the period covered by the extended warranty. Expenses related to the extended warranty are recorded when incurred.

(3) Service Revenue: We derive revenues from the repair and service of our medical devices that are in use beyond the term of the original warranty and that are not covered by an extended warranty. We recognize revenue from repair and service activities once the activities are complete and the repaired or serviced device has been shipped back to the customer.

(4) License Revenue: In December 2007, Neoprobe and EES executed an amendment to their distribution agreement which extended the agreement through the end of 2013. As consideration for extending the distribution agreement through the end of 2013, EES paid us $500,000 in December 2007, representing a non-refundable license fee and reimbursement of past research and development expenses. We recognized $100,000 of this payment as license revenue during each of the years ended December 31, 2010 and 2009.

k. Research and Development Costs: All costs related to research and development activities are expensed as incurred.

l. Income Taxes: Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Current accounting standards include guidance on the accounting for uncertainty in income taxes recognized in the financial statements. Such standards also prescribe a recognition threshold and measurement model for the financial statement recognition of a tax position taken, or expected to be taken, and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. For the GDS Business, the ultimate deductibility of all tax positions is highly certain, although there is uncertainty about the timing of such deductibility. As a result, no liability for uncertain tax positions was recorded as of December 31, 2010 or 2009 and we do not expect any significant changes in the next twelve months. Should we need to accrue interest or penalties on uncertain tax positions, we would recognize the interest as interest expense and the penalties as a selling, general and administrative expense. As of December 31, 2010, Neoprobe's tax years 2007-2010 remained subject to examination by federal and state tax authorities.

For purposes of the stand-alone GDS Business financial statements, income tax was calculated at statutory rates as if it was a separate taxpayer. All related balance sheet amounts are included as components of Neoprobe Corporation Net Investment in the GDS Business.

m. Recent Accounting Developments: In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-6, Improving Disclosures about Fair Value Measurements. ASU 2010-6 amends FASB ASC Topic 820, Fair Value Measurements and Disclosures. ASU 2010-6 requires new disclosures as follows: (1) Transfers in and out of Levels 1 and 2 and (2) Activity in Level 3 fair value measurements. An entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. In the reconciliation of fair value measurements using significant unobservable inputs (Level 3), an entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number). ASU 2010-6 also clarifies existing disclosures as follows: (1) Level of disaggregation and (2) Disclosures about inputs and valuation techniques. An entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. An entity needs to use judgment in determining the appropriate classes of assets and liabilities. An entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3. ASU 2010-6 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the separate disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. We adopted the initial provisions of ASU 2010-6 beginning January 1, 2010. As the new provisions of ASU 2010-6 provide only disclosure requirements, the adoption of this standard did not impact our consolidated financial position, results of operations or cash flows.

2. Stock-Based Compensation

For the years ended December 31, 2010, 2009 and 2008, our total stock-based compensation expense related to employees of the GDS Business was approximately $77,000, $42,000 and $23,000, respectively. The costs associated with these plans have been included in the corresponding statements of operations of the GDS Business and as a component of Neoprobe Corporation’s net investment in the GDS Business. Upon closing on the sale to Devicor, these costs will no longer be incurred by Neoprobe and any related assets or liabilities associated with the stock compensation plans will remain with Neoprobe.

3. Accounts Receivable, net

Accounts receivable at December 31, 2010 and 2009, net of allowance for doubtful accounts of $1,200 and $1,000, respectively, consist of the following:

	2010	2009
Trade	$ 1,872,215	$ 1,321,687
Other	37,938	9,808
	$ 1,910,153	$ 1,331,495

We estimate an allowance for doubtful accounts based on a review and assessment of specific accounts receivable and write off accounts when deemed uncollectible. We believe that we have adequately addressed our credit risks in estimating the allowance for doubtful accounts.

4. Inventory, net

The components of net inventory at December 31, 2010 and 2009 are as follows:

	2010	2009
Gamma detection device materials	$ 302,323	$ 137,695
Gamma detection device finished goods	524,265	481,002
	$ 826,588	$ 618,697

During 2010 and 2009, we wrote off $65,000 and $2,000, respectively, of excess and obsolete gamma detection device materials.

5. Property and Equipment

The major classes of property and equipment are as follows:

	Useful Life	2010	2009
Production machinery and equipment	5 years	$ 607,619	$ 613,659
Loaner units	2 years	317,594	294,847
Other machinery and equipment, primarily research equipments	5 years	78,923	72,882
		$ 1,004,136	$ 981,388

During 2010, 2009 and 2008, we recorded $113,000, $131,000 and $135,000, respectively, of depreciation and amortization related to property and equipment of the GDS Business. During 2010, 2009 and 2008, we recorded losses of $7,000, $18,000 and $30,000, respectively, on the disposal of property and equipment of the GDS Business.

6. Intangible Assets

The major classes of intangible assets are as follows:

		December 31, 2010		December 31, 2009	
	Weighted Average Remaining Life1	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and trademarks	3.2 yrs	$ 509,886	$ 428,613	$ 486,457	$ 424,479

1 The weighted average remaining life is calculated for issued patents and does not include pending patent applications or trademarks which are not currently being amortized.

During 2010, 2009 and 2008, we recorded $8,000, $1,000 and $22,000, respectively, of intangible asset amortization in general and administrative expenses. During 2009, we wrote off $1,000 of intangible assets related to patents and trademarks that were determined to have no recoverable value.

The estimated future amortization expenses for the next five fiscal years are as follows:

	Estimated Amortization Expense
For the year ending 12/31/2011	$ 1,372
For the year ending 12/31/2012	1,002
For the year ending 12/31/2013	284
For the year ending 12/31/2014	265
For the year ending 12/31/2015	236

7. Accrued Liabilities and Other

Accrued liabilities and other at December 31, 2010 and 2009 consist of the following:

	2010	2009
Contracted services and other	$ 148,268	$ 88,463
Compensation	67,065	32,411
Warranty reserve	56,110	61,400
Inventory purchases	—	8,872
	$ 271,443	$ 191,146

8. Product Warranty

We warrant our products against defects in design, materials, and workmanship generally for a period of one year from the date of sale to the end customer, except in cases where the product has a limited use as designed. Our accrual for warranty expenses is adjusted periodically to reflect actual experience and is included in accrued liabilities and other on the consolidated balance sheets. Devicor reimburses us for a portion of warranty expense incurred based on end customer sales they make during a given fiscal year. Payments charged against the reserve are disclosed net of Devicor's estimated reimbursement.

The activity in the warranty reserve account for the years ended December 31, 2010 and 2009 is as follows:

	2010	2009
Warranty reserve at beginning of year	$ 61,400	$ 62,261
Provision for warranty claims and changes in reserve for warranties	53,726	98,894
Payments charged against the reserve	(59,016)	(99,755)
Warranty reserve at end of year	$ 56,110	$ 61,400

9. Deferred Revenue

Deferred revenue at December 31, 2010 and 2009 consists of the following:

	2010	2009
Non-refundable license fees	$ 300,000	$ 400,000
Extended warranty revenue	1,027,354	694,488
	1,327,354	1,094,488
Less current portion	654,430	560,369
Deferred revenue, long-term portion	$ 672,924	$ 534,119

During 2010 and 2009, we recognized license revenue of $100,000 in each year.

10. Income Taxes

The GDS Business tax provision includes federal and state current tax expense and deferred tax expense (benefit). The difference between the effective federal rate of 34% and the effective tax rate for each year is primarily due to state income taxes net of federal benefit. Deferred income taxes are primarily due to basis differences related to inventory and receivable reserves, property and equipment, intangible assets and certain accrued liabilities.

11. Agreements

a. Supply Agreements: In February 2004, we entered into a product supply agreement with Nortech Systems, Inc. (Nortech, formerly TriVirix International) for the manufacture of certain of our medical device products. The term of this agreement expired in February 2010, but was automatically extended through February 2011, and may continue to be automatically extended for successive one-year periods. Either party has the right to terminate the agreement at any time upon 180 days prior written notice, or may terminate the agreement upon a material breach or repeated non-material breaches by the other. Total purchases under the product supply agreement were $1.7 million, $1.5 million and $1.5 million for the years ended December 31, 2010, 2009 and 2008, respectively. As of December 31, 2010, we have issued purchase orders under the agreement with TriVirix for $1.4 million of our products for delivery through December 2011. In February 2011, the term of this agreement was once again automatically extended through February 2012.

b. Marketing and Distribution Agreement: During 1999, we entered into a distribution agreement with EES covering our gamma detection devices used in surgical radiation detection. Under the agreement, EES received a non-exclusive worldwide license to our SLNB intellectual property to make and sell other products that may be developed using our SLNB intellectual property. The term of the license is the same as that of the agreement. We manufactured and sold our current line of gamma detection device products exclusively to EES, who distributed the products globally, except in Japan. EES agreed to purchase minimum quantities of our products over the first three years of the term of the agreement and to reimburse us for certain research and development costs and a portion of our warranty costs. We are obligated to continue certain product maintenance activities and to provide ongoing regulatory support for the products.

In December 2007, Neoprobe and EES executed an amendment to the distribution agreement which extended the agreement through the end of 2013. As consideration for extending the distribution agreement through the end of 2013, EES paid us $500,000 in December 2007, representing a non-refundable license fee and reimbursement of past research and development expenses. We recognized $100,000 of this payment as license revenue during both 2010 and 2009. In July 2010, Devicor acquired EES' breast biopsy business, including an assignment of the distribution agreement with Neoprobe. The agreement continued under the same terms with Devicor.

Devicor may terminate the agreement if we fail to supply products for specified periods, commit a material breach of the agreement, suffer a change of control to a competitor of Devicor, or become insolvent. If termination were due to failure to supply or a material breach by us, Devicor would have the right to use our intellectual property and regulatory information to manufacture and sell the products exclusively on a global basis for the remaining term of the agreement with no additional financial obligation to us. If termination is due to insolvency or a change of control that does not affect supply of the products, Devicor has the right to continue to sell the products on an exclusive global basis for a period of six months or require us to repurchase any unsold products in its inventory.

If we terminate the agreement as a result of a material breach by Devicor, they would be required to pay us a royalty on all products developed and sold by Devicor using our SLNB intellectual property. In addition, we are entitled to a royalty on any SLNB product commercialized by Devicor that does not infringe any of our existing intellectual property. The agreement with Devicor will terminate upon closing of the sale of the GDS Business.

c. Employment Agreements: We maintain employment agreements with two of our officers related to the GDS Business. The employment agreements contain termination and/or change in control provisions that would entitle each of the officers to approximately 2 times their current annual salaries, vest outstanding restricted stock and options to purchase common stock, and continue certain benefits if there is a termination without cause or change in control of the Company (as defined) and their employment terminates. As of December 31, 2010, our maximum contingent liability under these agreements in such an event is approximately $597,000. The employment agreements also provide for severance, disability and death benefits. These employment agreements will terminate upon closing of the sale of the GDS Business, and a total of 125,000 shares of restricted stock will vest at that time.

12. Employee Benefit Plan

We maintain an employee benefit plan under Section 401(k) of the Internal Revenue Code. The plan allows employees to make contributions and we may, but are not obligated to, match a portion of the employee's contribution with our common stock, up to a defined maximum. We accrued expenses of $10,000 and $13,000 during 2010 and 2009, respectively, related to common stock to be contributed to the plan for the benefit of employees of the GDS Business in 2011 and 2010, respectively.

13. Supplemental Disclosure for Statements of Cash Flows

During the years ended December 31, 2010, 2009 and 2008, we transferred $79,000, $43,000 and $182,000, respectively, of inventory to fixed assets related to the creation and maintenance of a pool of service loaner equipment.

14. Contingencies

We are subject to legal proceedings and claims that arise in the ordinary course of business. In our opinion, the amount of ultimate liability, if any, with respect to these actions will not materially affect our financial position.

15. Neoprobe Corporation Net Investment in the GDS Business

Net investment at December 31, 2007	$756,588
Net income	2,311,052
Payment to parent company	(2,118,583)
Other non-cash adjustments	80,314
Net investment at December 31, 2008	1,029,371
Net income	3,153,467
Payment to parent company	(3,509,192)
Other non-cash adjustments	19,842
Net investment at December 31, 2009	693,488
Net income	3,618,391
Payment to parent company	(3,175,330)
Other non-cash adjustments	72,174
Net investment at December 31, 2010	$1,208,723

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated statements of operations are derived from the historical consolidated financial statements of Neoprobe and give effect to the sale of the GDS Business to Devicor, the receipt of the net proceeds from the Asset Sale and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma consolidated financial statements.

Pro forma financial information is intended to provide investors with information about the continuing impact of a transaction by showing how a specific transaction might have affected historical financial statements, illustrating the scope of the change in the historical financial position and results of operations. The adjustments made to historical information give effect to events that are directly attributable to the Asset Sale, factually supportable, and expected to have a continuing impact.

The unaudited pro forma consolidated financial statements consist of:

- Unaudited Pro Forma Consolidated Balance Sheet – as of March 31, 2011
- Unaudited Pro Forma Consolidated Statements of Operations – three months ended March 31, 2011 and 2010
- Unaudited Pro Forma Consolidated Statements of Operations – years ended December 31, 2010, 2009 and 2008

The unaudited pro forma consolidated financial statements have been prepared giving effect to the Asset Sale as if it had occurred as of March 31, 2011 for the unaudited pro forma consolidated balance sheet and as of January 1, 2008 for the unaudited pro forma consolidated statements of operations.

These unaudited pro forma consolidated financial statements should be read in conjunction with the historical audited consolidated financial statements and the notes thereto included in Neoprobe's Annual Report on Form 10-K for the year ended December 31, 2010 and Quarterly Report on Form 10-Q for the three months ended March 31, 2011, as filed with the SEC, which are incorporated herein by reference, and with the unaudited annual financial statements of the GDS Business for the years ended December 31, 2010, 2009 and 2008 included herein.

The unaudited pro forma consolidated financial statements are prepared in accordance with Article 11 of Regulation S-X. The pro forma adjustments are described in the accompanying notes and are based upon information and assumptions available at the time of the filing of this proxy statement.

We did not account for the GDS Business as, and it was not operated as, a separate, stand-alone entity, subsidiary or division of Neoprobe for the periods presented. The unaudited pro forma consolidated financial statements do not purport to represent, and are not necessarily indicative of, what our actual financial position and results of operations would have been had the Asset Sale occurred on the dates indicated. In addition, the unaudited pro forma consolidated financial statements should not be considered to be fully indicative of our future financial performance.

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	March 31, 2011 Actual	Pro Forma Adjustments		March 31, 2011
	Neoprobe	GDS Business	Asset Sale	Pro Forma
ASSETS				
Current assets:				
Cash	$9,704,428	$—	$27,300,000(a)	$37,004,428
Accounts receivable, net	1,824,173	1,586,897	—	237,276
Inventory, net	1,492,587	648,052	—	844,535
Prepaid expenses and other	212,039	45,928	—	166,111
Total current assets	13,233,227	2,280,877		38,252,350
Property and equipment	2,448,124	1,029,784	—	1,418,340
Less accumulated depreciation and amortization	1,909,607	910,977	—	998,630
	538,517	118,807		419,710
Patents and trademarks	544,599	502,014	—	42,585
Less accumulated amortization	450,240	429,069	—	21,171
	94,359	75,945		21,414
Other assets	7,421	—	—	7,421
Total assets	$13,873,524	$2,475,629		$38,700,895
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$859,135	$183,742	$—	$675,393
Accrued liabilities and other	2,832,182	119,933	—	2,712,249
Notes payable to finance companies	35,974	—	—	35,974
Deferred revenue, current portion	702,388	702,388	—	—
Total current liabilities	4,429,679	1,006,063		3,423,616
Deferred revenue	783,181	783,181	—	—
Derivative liabilities	145,679	—	—	145,679
Other liabilities	29,025	—	—	29,025
Total liabilities	5,387,564	1,789,244		3,598,320
Stockholders' equity:				
Preferred stock	11		—	11
Common stock	89,138		—	89,138
Additional paid-in capital	263,714,239		—	263,714,239
Accumulated deficit	(255,317,428)		26,616,615(b)	(228,700,813)
Total stockholders' equity	8,485,960			35,102,575
Total liabilities and stockholders' equity	$13,873,524			$38,700,895

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended March 31, 2011 Actual	Pro Forma Adjustments		Three Months Ended March 31, 2011 Pro Forma
	Neoprobe	GDS Business	Asset Sale	
Revenues:				
Net sales	$2,478,274	$2,478,274	$—	$—
License and other revenue	360,962	25,000	—	335,962
Total revenues	2,839,236	2,503,274	—	335,962
Cost of goods sold	755,987	755,987	—	—
Gross profit	2,083,249	1,747,287	—	335,962
Operating expenses:				
Research and development	2,589,552	194,138	—	2,395,414
Selling, general and administrative	2,970,262	112,907	—	2,857,355
Total operating expenses	5,559,814	307,045	—	5,252,769
(Loss) income from operations	(3,476,565)	1,440,242	—	(4,916,807)
Other expense, net	(952,590)	—	—	(952,590)
(Loss) income from continuing operations before income tax	(4,429,155)	1,440,242	—	(5,869,397)
Provision for income tax	—	576,097	576,097 (c)	—
Net (loss) income from continuing operations	(4,429,155)	864,145	567,097	(5,869,397)
Preferred stock dividends	(25,000)	—	—	(25,000)
Net (loss) income from continuing operations attributable to common stockholders	$(4,454,155)	$864,145	$567,097	$(5,894,397)
Loss per share from continuing operations:				
Basic and diluted	$(0.05)			$(0.07)
Weighted average shares outstanding:				
Basic and diluted	85,416,015			85,416,015

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

58

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended March 31, 2010 Actual	Pro Forma Adjustments		Three Months Ended March 31, 2010 Pro Forma
	Neoprobe	GDS Business	Asset Sale	
Revenues:				
Net sales	$2,657,872	$2,657,872	$—	$—
License and other revenue	25,000	25,000	—	—
Total revenues	2,682,872	2,682,872	—	—
Cost of goods sold	888,867	888,867	—	—
Gross profit	1,794,005	1,794,005	—	—
Operating expenses:				
Research and development	2,401,672	133,410	—	2,268,262
Selling, general and administrative	1,128,202	118,772	—	1,009,430
Total operating expenses	3,529,874	252,182	—	3,277,692
(Loss) income from operations	(1,735,869)	1,541,823	—	(3,277,692)
Other expense, net	(712,372)	—	—	(712,372)
(Loss) income from continuing operations before income tax	(2,448,241)	1,541,823	—	(3,990,064)
Provision for income tax	—	616,729	616,729 (c)	—
Net (loss) income from continuing operations	(2,448,241)	925,094	616,729	(3,990,064)
Preferred stock dividends	(60,000)	—	—	(60,000)
Net (loss) income from continuing operations attributable to common stockholders	$(2,508,241)	$925,094	$616,729	$(4,050,064)
Loss per share from continuing operations:				
Basic and diluted	$(0.03)			$(0.05)
Weighted average shares outstanding:				
Basic and diluted	79,571,399			79,571,399

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

59

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2010 Actual	Pro Forma Adjustments		Year Ended December 31, 2010
	Neoprobe	GDS Business	Asset Sale	Pro Forma
Revenues:				
Net sales	$9,983,174	$9,983,174	$—	$—
License and other revenue	717,392	100,000	—	617,392
Total revenues	10,700,566	10,083,174	—	617,392
Cost of goods sold	3,206,709	3,206,709	—	—
Gross profit	7,493,857	6,876,465	—	617,392
Operating expenses:				
Research and development	9,221,421	417,999	—	8,803,422
Selling, general and administrative	4,583,503	427,815	—	4,155,688
Total operating expenses	13,804,924	845,814	—	12,959,110
(Loss) income from operations	(6,311,067)	6,030,651	—	(12,341,718)
Other expense, net	(43,567,204)	—	—	(43,567,204)
(Loss) income from continuing operations before income tax	(49,878,271)	6,030,651	—	(55,908,922)
Provision for income tax	—	2,412,260	2,412,260 (c)	—
Net (loss) income from continuing operations	(49,878,271)	3,618,391	2,102,312	(55,908,922)
Preferred stock dividends	(8,206,745)	—	—	(8,206,745)
Net (loss) income from continuing operations attributable to common stockholders	$(58,085,016)	$3,618,391	$2,102,312	$(64,115,667)
Loss per share from continuing operations:				
Basic and diluted	$(0.72)			$(0.79)
Weighted average shares outstanding:				
Basic and diluted	80,726,498			80,726,498

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2009 Actual		Pro Forma Adjustments	Year Ended December 31, 2009
	Neoprobe	GDS Business	Asset Sale	Pro Forma
Revenues:				
Net sales	$9,418,032	$9,418,032	$—	$—
License and other revenue	100,000	100,000	—	—
Total revenues	9,518,032	9,518,032	—	—
Cost of goods sold	3,134,740	3,134,740	—	—
Gross profit	6,383,292	6,383,292	—	—
Operating expenses:				
Research and development	4,967,861	736,064	—	4,231,797
Selling, general and administrative	3,240,337	391,449	—	2,848,888
Total operating expenses	8,208,198	1,127,513	—	7,080,685
(Loss) income from operations	(1,824,906)	5,255,779	—	(7,080,685)
Other expense, net	(35,890,586)	—	—	(35,890,586)
(Loss) income from continuing operations before income tax	(37,715,492)	5,255,779	—	(42,971,271)
Provision for income tax	—	2,102,312	2,102,312 (c)	—
Net (loss) income from continuing operations	(37,715,492)	3,153,467	2,102,312	(42,971,271)
Preferred stock dividends	(240,000)	—	—	(240,000)
Net (loss) income from continuing operations attributable to common stockholders	$(37,955,492)	$3,153,467	2,102,312	$(43,211,271)
Loss per share from continuing operations:				
Basic and diluted	$(0.51)			$(0.59)
Weighted average shares outstanding:				
Basic and diluted	73,771,871			73,771,871

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2008 Actual	Pro Forma Adjustments		Year Ended December 31, 2008 Pro Forma
	Neoprobe	GDS Business	Asset Sale	
Revenues:				
Net sales	$7,417,751	$7,417,751	$—	$—
License and other revenue	171,750	171,750	—	—
Total revenues	7,589,501	7,589,501	—	—
Cost of goods sold	2,845,498	2,845,498	—	—
Gross profit	4,744,003	4,744,003	—	—
Operating expenses:				
Research and development	4,286,474	648,515	—	3,637,959
Selling, general and administrative	2,965,342	243,734	—	2,721,608
Total operating expenses	7,251,816	892,249	—	6,359,567
(Loss) income from operations	(2,507,813)	3,851,754	—	(6,359,567)
Other expense, net	(2,124,090)	—	—	(2,124,090)
(Loss) income from continuing operations before taxes	(4,631,903)	3,851,754	—	(8,483,657)
Provision for income tax	—	1,540,702	1,540,702 (c)	—
Net (loss) income from continuing operations	$(4,631,903)	$2,311,052	$1,540,702	$(8,483,657)
Loss per share from continuing operations:				
Basic and diluted	$(0.07)			$(0.12)
Weighted average shares outstanding:				
Basic and diluted	68,594,172			68,594,172

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

NEOPROBE CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1. Basis of Presentation

Pro forma information is intended to reflect the impact of the Asset Sale on Neoprobe's historical financial position and results of operations through adjustments that are directly attributable to the Asset Sale, that are factually supportable and that are expected to have continuing impact. In order to accomplish this, we have eliminated the unaudited financial statements of the GDS Business of Neoprobe as presented earlier in this proxy statement from the Neoprobe Corporation historical financial statements. This pro forma information attempts to represent the financial position and results of operations of Neoprobe's Remaining Businesses. However, we did not account for the GDS Business as, and it was not operated as, a separate, stand-alone entity, subsidiary or division of Neoprobe for the periods presented. The unaudited pro forma consolidated financial statements do not purport to represent, and are not necessarily indicative of, what our actual financial position and results of operations would have been had the Asset Sale occurred on the dates indicated. In addition, the unaudited pro forma consolidated financial statements should not be considered to be fully indicative of our future financial performance.

These unaudited pro forma consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the pro forma financial position and results of operations.

In the preparation of the pro forma consolidated balance sheet, the assumption was made that the assets were sold and liabilities were assumed by Devicor pursuant to the Asset Purchase Agreement on March 31, 2011. In the preparation of the pro forma consolidated statements of operations, the assumption was made that the Asset Sale took place on January 1, 2008.

2. Pro Forma Adjustments

The pro forma adjustments to the balance sheet and statements of operations include:

(a) This amount reflects estimated net cash proceeds to be received related to the sale of the GDS Business to Devicor. The sale price is $30.0 million, and we expect to incur approximately $2.7 million in costs and expenses related to the transaction. Of the $2.7 million in costs and expenses, $2.6 million is payable for financial advisory services and $140,000 is payable for legal and other costs. The cash proceeds amount does not include any of the $20.0 million in potential future royalties, nor does it include any adjustment for net working capital at closing. Pursuant to the Asset Purchase Agreement, if the net working capital balance at the time of closing exceeds the target amount of net working capital as set forth in the Asset Purchase Agreement, then the purchase price will be adjusted upward in an amount equal to the excess, and if the net working capital balance at the time of closing is less than the target amount, then the purchase price will be adjusted downward in an amount equal to the deficiency.

(b) This amount represents the excess of the net cash proceeds of the sale over the net book value of the assets and liabilities being sold to Devicor. The Asset Sale is expected to be subject to some amount of Federal, state and local income tax. However, this pro forma adjustment assumes that no income taxes are payable on the Asset Sale as the majority of the gain is expected to be offset by net operating loss carryforwards.

(c) This amount represents the offset of the estimated GDS Business stand-alone tax provision which would have been payable if the GDS Business were a stand-alone company.

63

The pro forma adjustments to the statements of operations do not include the following revenues and expenses:

- Royalty payments that Neoprobe would be entitled to receive upon the achievement of GDS product sales revenues through 2017 in excess of baseline sales levels as outlined in the Asset Purchase Agreement.

- Expenses related to (a) the termination of the Business Employees, including the payout of accrued but unused paid time off of $38,000 and the vesting of unvested stock options and restricted stock of $153,000 upon the closing of the Asset Sale of $2.7 million, and (b) the Asset Sale, as such expenses would not be recurring.

PROPOSAL NO. 1 – THE ASSET SALE AND THE ASSET PURCHASE AGREEMENT

As discussed in this proxy statement, Neoprobe and its Board of Directors is asking the Neoprobe stockholders to approve the Asset Sale pursuant to the terms of the Asset Purchase Agreement. You should read carefully this proxy statement in its entirety for more detailed information concerning the Asset Purchase Agreement, which is attached as Appendix A to this proxy statement. Please see the section entitled "The Asset Sale" and the "Asset Purchase Agreement" for additional information and a summary of the material terms of the Asset Purchase Agreement. You are urged to read carefully the entire Asset Purchase Agreement included as Appendix A before voting on this proposal. Approval of this proposal is a condition to the completion of the Asset Sale.

The Board of Directors recommends unanimously that stockholders vote "FOR" the proposal to approve the Asset Sale pursuant to the terms of the Asset Purchase Agreement.

PROPOSAL NO. 2 - ELECTION OF DIRECTORS

Nominees for Election as Directors

We presently have nine directors on our Board of Directors, comprised of three directors in each class, with terms expiring at the Annual Meetings in 2011, 2012 and 2013. At the Annual Meeting, the nominees to the Board of Directors receiving the highest number of votes will be elected as directors to terms of three years expiring in 2014.

Our Board of Directors has nominated Drs. Mark Pykett, Peter F. Drake, and Jess Emery Jones for election as directors, each to serve for a term of three years. Drs. Drake and Jones currently serve on the Board of Directors with terms expiring at the Company's 2012 annual meeting of stockholders. If Drs. Drake and Jones are elected to the Board and seated as directors in the class with terms expiring in 2014, they would then be deemed to have resigned their positions as directors in the class of directors with terms expiring in 2012. In the event that Drs. Drake and Jones are not elected at the Annual Meeting, they would automatically and without further action immediately be deemed to have resigned their positions as directors with terms expiring in 2012. These nomination procedures are pursuant to a settlement agreement, dated April 18, 2011, between the Company and Platinum Montaur Life Sciences, LLC, and its affiliate Platinum Partners Value Arbitrage Fund L.P., which was filed as Exhibit 10.1 to the Company's current report on Form 8-K on April 18, 2011.

Only "For" or "Withhold Authority" votes are counted in determining whether a plurality has been cast in favor of a director nominee. You cannot abstain in the election of directors, and broker non-votes are not counted. We have no reason to believe that any nominee will not stand for election or serve as a director. In the event that a nominee fails to stand for election, the proxies will be voted for the election of another person designated by the persons named in the proxy. See the section entitled "The Annual Meeting–Tabulation."

The Board of Directors has nominated the following persons to serve as directors of the Company until the 2014 Annual Meeting:

Mark J. Pykett, Ph.D., age 47, is being nominated to serve as a director of our Company until 2014. Dr. Pykett served as Executive Vice President and Chief Development Officer of the Company from November 2010 until April 2011. Effective April 15, 2011, Dr. Pykett was appointed as the Company's President and Chief Executive Officer. Prior to joining the Company, Dr. Pykett served as Founding CEO of Talaris Advisors LLC, a strategic drug-development company serving the biotech industry, from 2009 to November 2010. Prior to Talaris, Dr. Pykett was President and Chief Operating Officer of Alseres Pharmaceuticals, Inc. (formerly Boston Life Sciences, Inc.), President and a Director of CyGenics, President of Cordlife, and President and Chief Executive Officer and a director of Cytomatrix. Dr. Pykett has also served as a director of ADVENTRX Pharmaceuticals since 2004 and currently serves on the boards of directors of several private and not-for-profit organizations. Dr. Pykett also was an adjunct lecturer in cancer biology at Harvard University's School of Public Health and served on Northeastern University's Center for Enterprise Growth Corporate Advisory Board. Dr. Pykett graduated Phi Beta Kappa, summa cum laude from Amherst College, earned a veterinary degree, Phi Zeta, summa cum laude, and a Ph.D. in molecular biology from the University of Pennsylvania and holds an M.B.A., Beta Gamma Sigma, from Northeastern University. In addition, Dr. Pykett completed post-doctoral fellowships at the University of Pennsylvania and Harvard University. Dr. Pykett's education and business management experience in the pharmaceutical industry, including as a chief executive officer, qualify him to serve as a member of the Board of Directors.

Peter F. Drake, Ph.D., age 57, has served as a director of our Company since April 2011. Dr. Drake is being nominated to serve as a director of our Company until 2014. Dr. Drake is the founder and general partner of Longevity Growth Partners, a private equity firm focusing on the nutraceutical industry. Dr. Drake began his career as a biotechnology analyst at Kidder, Peabody and Co. where he was a partner and head of the Healthcare Research

Group. In 1988, Dr. Drake co-founded Vector Securities International, an investment banking firm specializing in the life sciences industry, where he was executive vice president and director of research. In 1993, Dr. Drake co-founded Vector Fund Management, a life sciences venture fund, and Deerfield Management, a healthcare hedge fund. In 1999, Vector Securities International was purchased by Prudential Securities, where he was a Managing Director and Head of Healthcare Research. Dr. Drake has served on the board of directors of Penwest Pharmaceuticals, a publicly traded specialty pharmaceutical company, which was purchased in 2010. He currently is a board member of Trustmark Insurance, a mutual insurance company; of Rodman and Renshaw, a publicly traded investment banking firm; and Cortex Pharmaceuticals, a public neuroscience company. Dr. Drake received his undergraduate degree from Bowdoin College, and his Ph.D. in neurobiology and biochemistry from Bryn Mawr College. Dr. Drake's education and business management experience in investment banking and biotechnology and healthcare research qualify him to continue serving as a member of the Board of Directors.

Jess Emery Jones, M.D., age 32, has served as a director of our Company since April 2011. Dr. Jones is being nominated to serve as a director of our Company until 2014. Dr. Jones currently serves as a business development and strategic financing consultant to Cornova, Inc. In addition to Cornova, Dr. Jones serves as a director on the boards of New Cardio, Inc. (OTCBB: NWCI) and Novaray, Inc. From October 2006 to January 2011, Dr. Jones worked with Vision Capital Advisors, LLC in New York City as the Director of Healthcare Investing, analyzing investment opportunities in the biotech, pharmaceutical, medical technology, and medical services fields, and assisted companies in the implementation of their business plans. From 2001 to 2007, Dr. Jones attended Columbia College of Physicians & Surgeons in New York City, where he received his medical degree in May 2007. In 2005, while attending Columbia Medical School in New York City, Dr. Jones was awarded an American Heart Association - Medical Student Research Fellowship to study post-stroke inflammatory mediators in the Department of Neurosurgery. Additionally, Dr. Jones earned a B.A. degree from the University of Utah in 2001 and an M.B.A. from Columbia Business School in May 2007. Dr. Jones' education and business management experience in business strategy and operations and his medical training qualify him to continue serving as a member of the Board of Directors.

The Board of Directors unanimously recommends a vote FOR each of the director nominees named above.

Directors whose terms continue until the 2013 Annual Meeting:

David C. Bupp, age 62, has served as a director of our Company since August 1992. Mr. Bupp served as President from August 1992 until April 2011 and as Chief Executive Officer from February 1998 until April 2011. From August 1992 to May 1993, Mr. Bupp served as our Treasurer. In addition to the foregoing positions, from December 1991 to August 1992, he was Acting President, Executive Vice President, Chief Operating Officer and Treasurer, and from December 1989 to December 1991, he was Vice President, Finance and Chief Financial Officer. From 1982 to December 1989, Mr. Bupp was Senior Vice President, Regional Manager for AmeriTrust Company National Association, a nationally chartered bank holding company, where he was in charge of commercial and retail banking operations throughout Central Ohio. Mr. Bupp has a B.A. degree in Economics from Ohio Wesleyan University. Mr. Bupp also completed a course of study at Stonier Graduate School of Banking at Rutgers University. Mr. Bupp's education and business management experience, including his institutional knowledge and experience with the Company qualify him to continue serving as a member of the Board of Directors.

Brendan A. Ford, age 53, has served as a director of our Company since July 2010. Mr. Ford is a partner in Talisman Capital Partners, a private investment partnership focusing on middle-market companies. From 1991 through 2007, Mr. Ford served in various executive positions including Executive Vice President, Business Development and Corporate Strategy with Cardinal Health, Inc., primarily in capacities related to mergers, acquisitions and related strategic activities, and was involved in over $19 billion in acquisition and disposition transactions for Cardinal Health. Prior to his service with Cardinal Health, Mr. Ford practiced law with Baker and Hostetler from 1986 to 1991. From 1980 to 1983, Mr. Ford was employed by Touche Ross LLP as a certified public accountant. Mr. Ford has a B.S. in Business from Miami University, and a J.D. from The Ohio State University. Mr. Ford serves as a director and board committee member for several privately held companies. Mr. Ford's education and business management experience in the areas of development and strategy and his legal training qualify him to continue serving as a member of the Board of Directors.

Eric K. Rowinsky, M.D., age 54, has served as a director of our Company since July 2010. From 2005 to December 2009, he served as the Chief Medical Officer and Executive Vice President of Clinical Development and Regulatory Affairs of ImClone Systems Incorporated, a life sciences company. Prior to that, Dr. Rowinsky held several positions at the Cancer Therapy & Research Center's Institute of Drug Development, including Director of the Institute, Director of Clinical Research and SBC Endowed Chair for Early Drug Development, and concurrently served as Clinical Professor of Medicine in the Division of Medical Oncology at the University of Texas Health Science Center at San

Antonio. Dr. Rowinsky was an Associate Professor of Oncology at the Johns Hopkins University School of Medicine and on active staff at the Johns Hopkins School of Medicine from 1987 to 1996. Dr. Rowinsky is a member of the boards of directors of Biogen Idec, Inc. and of ADVENTRX Pharmaceuticals, Inc., publicly held life sciences companies. During the past five years, Dr. Rowinsky has also served as a director of Tapestry Pharmaceuticals, Inc., a life sciences company. Dr. Rowinsky has extensive research and drug development experience, oncology expertise and broad scientific and medical knowledge. Dr. Rowinsky's education and medical training, including his experience and expertise with respect to drug development and oncology, qualify him to continue serving as a member of the Board of Directors.

Director whose term continues until the 2012 Annual Meeting:

Gordon A. Troup, age 57, has served as a director of our Company since July 2008. Mr. Troup served as President of the Nuclear Pharmacy Services business at Cardinal Health, Inc. (Cardinal Health), a multinational medical products and services company, from January 2003 until his retirement in December 2007. Mr. Troup joined Cardinal Health in 1990 and was appointed Group President of Pharmaceutical Distribution and Specialty Distribution Services in 1999. Prior to joining Cardinal Health, Mr. Troup was employed for 10 years by American Hospital Supply Corporation and 3 years by Zellerbach Paper, a Mead Company. Mr. Troup has a B.S. degree in Business Management from San Diego State University. Mr. Troup is a member of several national healthcare trade organizations and is active in a number of not-for-profit organizations. Mr. Troup's education and business management experience in the pharmaceutical industry qualify him to continue serving as a member of the Board of Directors.

Directors whose service on the Board of Directors will end as of the 2011 Annual Meeting:

Carl J. Aschinger, Jr., age 72, has served as a director of our Company since June 2004 and as Chairman of the Board since July 2007. Mr. Aschinger is the Chairman of CSC Worldwide (formerly Columbus Show Case Co.), a privately-held company that manufactures showcases for the retail industry. Mr. Aschinger also serves on the Board of Directors and as Chairman of the Audit Committee of Pinnacle Data Systems, a publicly-traded company that provides software and hardware solutions to original equipment manufacturers. Mr. Aschinger is a former director of Liqui-Box Corporation and Huntington National Bank as well as other privately-held ventures and has served on boards or advisory committees of several not-for-profit organizations.

Owen E. Johnson, M.D., age 71, has served as a director of our Company since July 2007. Prior to his retirement in December 2006, Dr. Johnson served as Vice President and Senior Medical Director of UnitedHealthcare of Ohio, Inc. (UHC), a subsidiary of UnitedHealth Group, where he was involved in a number of roles and activities including new technology assessment and reimbursement establishment. During 2007, Dr. Johnson rejoined UnitedHealth Networks, a subsidiary of UnitedHealth Group, as Medical Director for their cardiac line of service. Dr. Johnson has also served on the board of directors and on numerous Committees of UHC as well as other related organizations. Prior to joining UHC, Dr. Johnson held several hospital appointments with Riverside Methodist Hospital in Columbus, Ohio. Dr. Johnson has also been active in numerous professional, fraternal and community organizations in the Columbus, Ohio area.

Fred B. Miller, age 72, has served as a director of our Company since January 2002. Mr. Miller serves as Chairman of the Audit Committee. Mr. Miller is the President and Chief Operating Officer of Seicon, Limited, a privately held company that specializes in developing, applying and licensing technology to reduce seismic and mechanically induced vibration. Mr. Miller also serves on the board of one other privately-held company. Until his retirement in 1995, Mr. Miller had been with Price Waterhouse LLP since 1962. Mr. Miller is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants (AICPA), a past member of the Council of the AICPA and a member and past president of the Ohio Society of Certified Public Accountants. He also has served on the boards or advisory committees of several universities and not-for-profit organizations. Mr. Miller has a B.S. degree in Accounting from The Ohio State University.

PROPOSAL NO. 3 – THE THIRD AMENDED AND RESTATED 2002 STOCK INCENTIVE PLAN

The proposed amendment to our Amended and Restated 2002 Stock Incentive Plan would increase the number of shares of our Common Stock subject to the plan from 7,000,000 to 10,000,000 shares and extend the term of the plan from March 7, 2012, to March 7, 2015. Our Board of Directors unanimously approved this amendment on December 20, 2010. This summary of the principal features of the Third Amended and Restated 2002 Stock Incentive Plan (the "2002 Plan") is qualified in its entirety by the full text of the 2002 Plan, which we have attached to this proxy statement as Appendix C and which we incorporate herein by reference.

Purpose

The 2002 Plan is intended to further the growth and profitability of the Company by providing increased incentives to and encourage share ownership on the part of (a) certain employees of the Company and its affiliates ("Employees"), (b) consultants who provide significant services to the Company and its affiliates ("Consultants"), and (c) directors of the Company who are employees of neither the Company nor any affiliate ("Non-employee Directors").

General

The 2002 Plan permits the granting of stock options, stock appreciation rights, restricted stock awards, performance units and performance shares (collectively, "Awards") to eligible participants. If our stockholders approve the amendment to the 2002 Plan at the annual meeting, the maximum number of shares of our Common Stock which will be issued pursuant to the 2002 Plan will be 10,000,000 shares. The market value of the 10,000,000 shares of our Common Stock to be subject to the 2002 Plan was approximately $54.8 million based on the closing price of our stock on May 31, 2011. If an Award expires or is canceled without having been fully exercised or vested, the unvested or canceled shares will be available again for grants of Awards.

Administration of the 2002 Plan

The 2002 Plan is administered by the Compensation, Nominating and Governance Committee (the "Committee"). The members of the Committee must qualify as "non-employee directors" under Rule 16b-3 under the Securities Exchange Act of 1934 ("Rule 16b-3"), and as "outside directors" under section 162(m) of the Internal Revenue Code (the "Code"). Subject to the terms of the 2002 Plan, the Committee has the sole discretion to determine the employees and consultants who shall be granted Awards, the terms and conditions of such Awards, and to construe and interpret the 2002 Plan. The Committee also is responsible for making adjustments in outstanding Awards, the shares available for Awards, and the numerical limitations for Awards to reflect any transactions such as stock splits or stock dividends. The Committee may delegate its authority to one or more directors or officers; provided, however, that the Committee may not delegate its authority and powers (a) with respect to Section 16 Persons, or (b) in any way which would jeopardize the 2002 Plan's qualification under Section 162(m) of the Code or Rule 16b-3. The Board of Directors may amend or terminate the 2002 Plan at any time and for any reason, but to the extent required under Rule 16b-3, material amendments to the 2002 Plan must be approved by stockholders.

Eligibility to Receive Awards

Management, employees and consultants of the Company and its affiliates (i.e., any corporation or other entity controlling, controlled by, or under common control with the Company) are eligible to be selected to receive one or more Awards. The estimated number of eligible participants is approximately 50 persons. The actual number of employees and consultants who will receive Awards under the 2002 Plan cannot be determined because eligibility for participation in the Plan is at the discretion of the Committee. No participant may receive Awards covering more than 500,000 shares under the 2002 Plan in any Performance Period. The 2002 Plan also permits Non-employee Directors

to elect to receive all or part of their annual retainer in shares of the Company's Common Stock. Non-employee Directors are not eligible for any of the other Awards available under the 2002 Plan.

Awards to Covered Officers

For each performance period, the Committee will designate, prior to the completion of 25% of the period (or such earlier or later date as is permitted or required by Section 162(m) of the Code), which executive officers are deemed to be "Covered Officers," the deductibility of whose compensation may be limited by Section 162(m) of the Code. All Awards to Covered Officers must be made in a manner that allows for the full deductibility of the Award by the Company. In general, options granted at fair market value will qualify. All other Awards must be contingent on the achievement of one or more "performance goals," based on the business criteria of the type defined in the 2002 Plan, in amounts determined by the Committee prior to the completion of 25% of the performance period (or such earlier or later date as is permitted or required by Section 162(m) of the Code). Extraordinary events, as defined in the 2002 Plan will either be excluded or included in determining whether performance goals are achieved, whichever will produce the higher Award. The Committee does, however, have the discretion to reduce or eliminate the amount of any Award, taking into consideration extraordinary events or other factors. In no event can an Award under the 2002 Plan to a Covered Officer be increased. Awards may be paid to Covered Officers only after the Committee has certified in writing that the performance goals have been achieved.

Options

The Committee may grant incentive stock options, which entitle the holder to favorable tax treatment, and/or nonqualified stock options. The number of shares covered by each option is determined by the Committee. The price of the shares of the Company's Common Stock subject to each option is set by the Committee but cannot be less than 25% of the fair market value of the shares on the date of grant. In addition, the exercise price of an incentive stock option must be at least 100% of fair market value on the grant date or 110% of fair market value if the participant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company.

The exercise price of each option must be paid in full at the time of exercise. The Committee also may permit payment through the tender of shares of the Company's Common Stock already owned by the participant, or by any other means which the Committee determines to be consistent with the 2002 Plan's purpose. Any taxes required to be withheld must be paid by the participant at the time of exercise. If the exercise price of an option is paid in shares, the Committee may provide that the participant will receive a new option covering a number of shares equal to the number of shares tendered to exercise the previously granted option, including shares used for tax withholding. The terms and conditions of the new option generally will be similar to the terms and conditions applicable to the exercised option, except that the new option will have an exercise price determined on the date of its grant.

Options become exercisable and terminate at the times and on the terms established by the Committee, but options generally may not expire later than 10 years after the date of grant.

Third Amended and Restated 2002 Stock Incentive Plan Option Table

Set forth below is a summary of the option awards made under the 2002 Plan since its inception through May 31, 2011, to the following named executives:

Name and Position	Number of Options
Anthony K. Blair Vice President, Manufacturing Operations	380,000
David C. Bupp	1,170,000

Former President and Chief Executive Officer	
Frederick O. Cope, Ph.D. Senior Vice President, Pharmaceutical Research and Clinical Development	245,000
Brent L. Larson Senior Vice President and Chief Financial Officer	525,000
Mark J. Pykett, V.M.D., Ph.D. President and Chief Executive Officer	200,000

Since the adoption of the 2002 Plan:

- all current executive officers, as a group, have been granted options under the 2002 Plan covering 2,040,000 shares of Common Stock (net of awards cancelled);
- all current directors who are not executive officers, as a group, have been granted options under the 2002 Plan covering 1,610,000 shares of Common Stock (net of awards cancelled);
- The nominees for election as directors, Drs. Pykett, Drake, and Jones have been granted options under the 2002 Plan covering 200,000, 0 and 0 shares of Common Stock (net of awards cancelled), respectively; and,
- All current employees, excluding executive officers, as a group, have been granted options under the 2002 Plan covering 764,500 shares of Common Stock (net of awards cancelled).

Stock Appreciation Rights

Stock appreciation rights ("SARs") may be granted as a separate Award or together with an option. Upon exercise of a SAR, the participant will receive a payment from the Company equal to: (1) the excess of the fair market value of a share on the date of exercise over the exercise price, times (2) the number of shares with respect to which the SAR is exercised. SARs may be paid in cash, shares of the Company's Common Stock, or a combination of both, as determined by the Committee. The number of shares covered by each SAR is determined by the Committee. The Committee also determines the other terms and conditions of each SAR. SARs expire at the times established by the Committee, but subject to the same maximum time limits as are applicable to employee options granted under the 2002 Plan.

Restricted Stock Awards

Restricted stock awards are shares of the Company's Common Stock which vest in accordance with terms established by the Committee in its discretion. For example, the Committee may provide that restricted stock will vest only if one or more performance goals are satisfied and/or only if the participant remains employed with the Company for a specified period of time. Any performance measures may be applied on a Company-wide or an individual business unit basis, as deemed appropriate in light of the participant's specific responsibilities.

Third Amended and Restated 2002 Stock Incentive Plan Restricted Stock Table

Set forth below is a summary of the restricted stock awards made under the 2002 Plan since its inception through May 31, 2011, to the following named executives:

Name and Position	Number of Shares
Anthony K. Blair Vice President, Manufacturing Operations	100,000
David C. Bupp Former President and Chief Executive Officer	1,300,000
Frederick O. Cope, Ph.D. Senior Vice President, Pharmaceutical Research and Clinical Development	175,000

Brent L. Larson Senior Vice President and Chief Financial Officer	125,000
Mark J. Pykett President and Chief Executive Officer	300,000

Since the adoption of the 2002 Plan:

- all current executive officers, as a group, have been granted restricted shares under the 2002 Plan covering 770,000 shares of Common Stock (net of awards cancelled);
- all current directors who are not executive officers, as a group, have been granted restricted shares under the 2002 Plan covering 1,582,000 shares of Common Stock (net of awards cancelled);
- The nominees for election as directors, Drs. Pykett, Drake, and Jones have been granted restricted shares under the 2002 Plan covering 300,000, 17,000 and 17,000 shares of Common Stock (net of awards cancelled), respectively; and,
- All current employees, excluding executive officers, as a group, have been granted restricted shares under the 2002 Plan covering 30,000 shares of Common Stock (net of awards cancelled).

Performance Units and Performance Shares

Performance units and performance shares are amounts credited to a bookkeeping account established for the participant. A performance unit has an initial value that is established by the Committee at or before the time of its grant. A performance share has an initial value equal to the fair market value of a share of the Company's Common Stock on the date of grant. Whether a performance unit or share actually will result in a payment to a participant will depend upon the extent to which performance goals established by the Committee are satisfied. The applicable performance goals and all other terms and conditions of the Award are determined by the Committee. After a performance unit or share has vested, that is, after the applicable performance goal or goals have been achieved, the participant will be entitled to a payment of cash and/or Common Stock, as determined by the Committee. The Committee also may waive the achievement of any performance goals for any performance units or shares, but not for executive officers.

Non-Employee Director Options and Stock

The 2002 Plan also provides for the grant of stock options to Non-employee Directors. The exercise price of each Non-employee Director option will be no less than twenty five percent (25%) of the fair market value of the shares on the date of grant. Each such option becomes exercisable one year after the date of grant, assuming continuous service as a Non-employee Director.

All options granted to Non-employee Directors will expire ten years after the date of grant. If a director terminates service on the Board prior to an option's normal expiration date, the option will terminate three months after termination of service for any reason other than death, disability or retirement, but not later than the original maximum term of the option. Options will expire one year after termination on account of retirement, disability or death. The Non-employee Director provisions of the 2002 Plan are administered by the Board of Directors rather than the Committee.

The 2002 Plan also permits each Non-employee Director to elect to forego receipt of all or a portion of the director's meeting fees in exchange for shares of the Company's Common Stock having a fair market value equal to the amount of foregone compensation. The number of shares received is determined by dividing the amount of foregone compensation by the fair market value of a share on the date that the compensation otherwise would have been paid.

Forfeiture

If a participant or former participant engages in a breach of conduct, including conduct prejudicial to or in conflict with the Company or an affiliate or competes with the Company, all outstanding and unexercised Awards may be cancelled and terminated. In addition, participants may have to reimburse the Company for any gain realized or

payment received upon the exercise or payment of an Award within one year of the harmful behavior.

Awards to be Granted to Certain Individuals and Groups

As described above, the Committee has discretion to determine the number and type of Awards to be granted to any employee or consultant. Accordingly, the actual number and type of Awards to be granted in the future is not determinable.

Nontransferability of Options

Except for nonqualified stock options, Awards granted under the 2002 Plan may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the applicable laws of descent and distribution. Nonqualified stock options may be transferred for no consideration to family members or to trusts or other entities for their benefit, or to other persons, if approved by the Compensation Committee.

Tax Aspects

Based on management's understanding of current federal income tax laws, the tax consequences of the grant of Awards under the 2002 Plan are, subject to the discussion regarding section 409A of the Code, generally as follows:

A recipient of an option or SAR granted under the 2002 Plan will not have regular taxable income at the time of grant.

Upon exercise of a nonqualified stock option or SAR, the optionee or SAR holder generally must recognize taxable income in an amount equal to the fair market value on the date of exercise of the shares exercised, minus the exercise price. Any gain or loss recognized upon any later sale or other disposition of the acquired shares generally will be capital gain or loss. The Company generally will receive a tax deduction in connection with the exercise of a nonqualified stock option or SAR equal to the ordinary income recognized by the participant.

Upon exercise of an incentive stock option, the optionee generally will not be required to recognize any regular taxable income on account of such exercise, assuming the requirements of IRC Section 422 are satisfied. The difference between the fair market value of the stock on the date of exercise and the exercise price, however, is an item of adjustment that must be taken into account when calculating federal alternative minimum tax. The Company generally receives no deduction in connection with the grant or exercise of incentive stock options. Upon a later sale or other disposition of the shares, the optionee must recognize long-term capital gain or ordinary taxable income, depending upon whether the optionee holds the shares for specified holding periods.

A participant who receives restricted stock or performance units or shares will not recognize taxable income upon receipt, but instead will recognize ordinary income when the shares or units vest. Alternatively, with respect to restricted stock, a participant may elect under section 83(b) of the Code to be taxed at the time of receipt. In all cases, the amount of ordinary income recognized by the participant, and the deduction recognized by the Company, will be equal to the fair market value of the shares at the time income is recognized, less the amount of any price paid for the shares. In general, any gain recognized thereafter will be capital gain.

At the discretion of the Committee, a participant may satisfy tax withholding requirements under federal and state tax laws in connection with the exercise or receipt of an Award by electing to have shares withheld, or by delivering to the Company already-owned shares, having a value equal to the amount required to be withheld.

The Company generally will be entitled to a tax deduction in connection with an Award made under the 2002 Plan only to the extent that the participant recognizes ordinary income from the Award. Section 162(m) of the Code contains special rules regarding the federal income tax deductibility of compensation paid to the Company's Chief Executive Officer and to the three most highly compensated executive officers excluding the Chief Executive Officer

and Chief Financial Officer. The general rule is that annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed $1,000,000 or qualifies as “performance-based” compensation under section 162(m) of the Code. The 2002 Plan has been designed so that Awards to Covered Officers should qualify as performance-based compensation under section 162(m) of the Code.

This tax discussion assumes that nonqualified stock options as well as SARs are granted with an exercise price equal to the fair market value on the date of grant so as to be exempt from section 409A of the Code. Section 409A of the Code provides that covered amounts deferred under a nonqualified deferred compensation plan are includable in the participant’s gross income to the extent not subject to a substantial risk of forfeiture and not previously included in income, unless certain requirements are met, including limitations on the timing of deferral elections and events that may trigger the distribution of deferred amounts.

The Plan generally has been designed so that Awards are either intended to comply with, or are exempt from coverage of, section 409A of the Code. The Company intends to continue to review the terms of the Plan and may, subject to the terms of the Plan, adopt additional amendments to comply with current and additional guidance issued under Section 409A of the Code. However, if an Award fails to meet or is not granted in compliance with these new requirements, the Award may be subject to an additional 20% tax, interest, and applicable withholding and employment taxes.

Required Vote

Approval of the amendment to the 2002 Plan requires the affirmative vote of a majority of the shares represented and voting, in person or by proxy, at the Annual Meeting.

The Board of Directors recommends that our stockholders vote “FOR” the proposal to approve and amend the Company’s Amended and Restated 2002 Stock Incentive Plan.

PROPOSAL NO. 4 - ADVISORY VOTE ON THE FREQUENCY OF VOTING ON THE COMPENSATION OF NAMED EXECUTIVE OFFICERS

Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company to include in its proxy statement an advisory vote on named executive officer compensation this year and, going forward, at least once every three years. Section 14A also requires the Company to include in its proxy statement this year and, going forward, at least every six years, a vote regarding the frequency with which the vote on named executive officer compensation should be held. While the Company will continue to monitor developments in this area, the Board of Directors currently plans to seek an advisory vote on executive compensation every third year. The Board of Directors believes this approach would align more closely with the interests of stockholders by giving stockholders the opportunity to vote on the compensation decisions made by the Committee every third year. We believe investor feedback would be more useful if the success of a compensation program and management's performance is judged over an extended period of time. Our compensation incentives are designed to promote long-term, sustainable results, which generally are not realizable within a short period of time. The Company asks that you indicate your support for holding the advisory vote on executive compensation every third year. Because your vote is advisory, it will not be binding on the Board of Directors. However, the Board of Directors will review the voting results and take them into consideration when making future decisions regarding the frequency with which the advisory vote on executive compensation will be held.

The Board of Directors recommends that our stockholders vote "FOR" holding an advisory vote on executive compensation every third year.

PROPOSAL NO. 5 - ADVISORY VOTE ON THE COMPENSATION PAID TO NAMED EXECUTIVE OFFICERS

As noted above, Section 14A of the Exchange Act requires the Company to include in its proxy statement this year an advisory vote regarding named executive officer compensation. The Company asks that you indicate your approval of the compensation paid to our named executive officers as described in this proxy statement under the heading "Executive Compensation," which includes compensation tables and narratives included elsewhere in this proxy statement.

Because your vote is advisory, it will not be binding on the Board of Directors. However, the Board of Directors and the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation. The Compensation Committee has structured its executive compensation programs primarily to motivate executives to achieve the business goals established by Neoprobe and reward executives for meeting business goals and delivering superior performance as measured against those business goals.

For the reasons discussed above and in this proxy statement under the heading "Executive Compensation," the Board of Directors recommends that shareholders vote to approve the following resolution:

"RESOLVED, that the compensation of the named executive officers of the Company, as disclosed pursuant to Item 402 of Regulation S-K, including the compensation tables and narrative discussion in this proxy statement, is approved."

Vote Required

Under our bylaws, approval of this proposal requires the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote. Broker non-votes are disregarded and have no effect on the outcome of the vote. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a vote "against" the proposal.

The Board of Directors recommends that our stockholders vote "FOR" the approval of the resolution relating to the compensation of our named executive officers.

PROPOSAL NO. 6 – RATIFICATION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BDO USA, LLP ("BDO") was engaged as the Company's principal accountant on September 27, 2005, and has audited the Company's financial statements for each of the six fiscal years in the period ended December 31, 2010. The Audit Committee has selected BDO as the Company's independent registered public accounting firm for purposes of auditing our financial statements for the current fiscal year ending December 31, 2011. Although not required, the Board of Directors is submitting its selection to the stockholders of the Company for ratification. The Board of Directors will reconsider the appointment of BDO if its selection is not ratified by the stockholders. A representative of BDO is expected to be present at the Annual Meeting. The representative will have an opportunity to make a statement if he so desires and is expected to be available to respond to appropriate questions of stockholders.

The Board of Directors recommends that our stockholders vote "FOR" ratification of the appointment of BDO.

PROPOSAL NO. 7 – ADJOURNMENT

If there are insufficient votes at the time of the Annual Meeting to approve and adopt the Asset Sale pursuant to the terms of the Asset Purchase Agreement, we may adjourn our Annual Meeting for the purpose of soliciting additional proxies in favor of such proposal. We do not intend to propose adjournment at our Annual Meeting if there are sufficient votes to approve and adopt the Asset Sale pursuant to the terms of the Asset Purchase Agreement.

Vote Required

If approval of the proposal to adjourn our Annual Meeting for the purpose of soliciting additional proxies is submitted to our stockholders for approval, such approval requires the affirmative vote of a majority of the shares of our Common Stock represented, in person or by proxy, and entitled to vote at the Annual Meeting.

The Board of Directors recommends that our stockholders vote “FOR” approval of the adjournment of the Annual Meeting, if necessary, to solicit additional proxies.

INFORMATION CONCERNING THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

Board of Directors Meetings

Our Board of Directors held a total of thirteen meetings in the fiscal year ended December 31, 2010, and each of the directors attended at least 75 percent of the aggregate number of meetings of the Board of Directors and committees (if any) on which he served, except for Kirby I. Bland, M.D., who attended 72% of the aggregate number of meetings of the Board of Directors and committees on which he served. It is our policy that all directors attend the Annual Meeting of Stockholders. However, conflicts and unforeseen events may prevent the attendance of a director, or directors. All members of our Board of Directors attended the 2010 Annual Meeting of Stockholders.

Board of Directors Leadership Structure and Role in Risk Oversight

Our Board of Directors has determined that it is in the best interests of the Company and its stockholders that the roles of Chairman of the Board and Chief Executive Officer be held by different individuals within our organization. Our Chief Executive Officer is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Chairman of the Board provides strategic guidance and presides over meetings of the full Board of Directors. The Board of Directors believes that this structure helps facilitate the role of the independent directors in the oversight of the Company and the active participation of the independent directors in setting agendas and establishing priorities and procedures that work for the Board of Directors. The Chairman of the Board also acts as a key liaison between the Board of Directors and management. Moreover, in addition to feedback provided during the course of meetings of the Board of Directors, our independent directors have executive sessions led by the Chairman of the Board. Our Chairman of the Board acts as a liaison between the independent directors and the Chief Executive Officer regarding any specific feedback or issues following an executive session of independent directors, provides the Chief Executive Officer with input regarding agenda items for Board of Director and committee meetings, and coordinates with the Chief Executive Officer regarding information to be provided to the independent directors in performing their duties.

Our Chief Executive Officer and senior management are responsible for the day-to-day management of the risks we face. Our Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management, including general oversight of (i) the financial exposure of the Company, (ii) risk exposure as related to overall company portfolio and impact on earnings, (iii), oversight for information technology security and risk, and (iv) all systems, processes, and organizational structures and people responsible for finance and risk functions. Certain risks are overseen by committees of the Board of Directors and these committees make reports to the full Board of Directors, including reports on noteworthy risk management issues. Financial risks are overseen by the Audit Committee which meets with management to review the Company's major financial risk exposure and the steps management has taken to monitor and control such exposures. Compensation risks are overseen by the CNG Committee.

Members of the Company's senior management report to the full Board of Directors about their areas of responsibility, including reports regarding risk within such area of responsibility and the steps management has taken to monitor and control such exposures. Additional review or reporting of risks is conducted as needed or as requested by the Board of Directors or committee.

Independence

Our Board of Directors has adopted the definition of "independence" as described under Section 301 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), Rule 10A-3 under the Securities Exchange Act of 1934 (the "Exchange

Act") and Section 803A of the NYSE Amex Company Guide. Our Board of Directors has determined that each of Messrs. Aschinger, Ford, Miller, and Troup, and Drs. Drake, Johnson, Jones, and Rowinsky meet the independence requirements.

Compensation, Nominating and Governance Committee

The members of the CNG Committee are Carl J. Aschinger, Jr. (Chairman), Brendan A. Ford, and Eric K. Rowinsky, M.D., each of whom is "independent" under the NYSE Amex rules referenced above. Owen E. Johnson, M.D. was a member of the CNG Committee until he became a member of the Audit Committee in July 2010. Kirby I. Bland, M.D. was a member of the CNG Committee until he retired from the Board of Directors on December 1, 2010. The CNG Committee held seven meetings in the fiscal year ended December 31, 2010. The Board of Directors adopted a written CNG Committee Charter on October 26, 2006, and amended and restated the Charter on March 1, 2007, and again on February 26, 2009. A copy of the CNG Committee Charter, as amended, is posted on the Company's website at www.neoprobe.com.

The CNG Committee: (1) discharges the Board of Directors' responsibilities relating to the compensation of our directors, executive officers and associates; (2) identifies and recommends to our Board of Directors nominees for election to the Board; and (3) assists our Board of Directors in the implementation of sound corporate governance principles and practices.

With respect to its compensation functions, the Committee's purpose is to:

- Evaluate and approve executive officer compensation and review and make recommendations to the Board with respect to director compensation, including incentive or equity-based compensation plans;

- Review and evaluate any discussion and analysis of executive officer and director compensation included in the Company's annual report or proxy statement, and prepare and approve any report on executive officer and director compensation for inclusion in the Company's annual report or proxy statement required by applicable rules and regulations; and

- Monitor and evaluate, at the Committee's discretion, matters relating to the compensation and benefits structure of the Company and such other domestic and foreign subsidiaries or affiliates, as it deems appropriate.

The Committee strives to provide fair compensation to executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long-term commitment to the Company, and develop a sense of pride and Company ownership, all in a manner consistent with stockholder interests. In addition, the Committee strives to provide fair compensation to directors, taking into consideration compensation paid to directors of comparable companies and the specific duties of each director.

With respect to its nominating and governance functions, the Committee's purpose is to:

- Assist the Board of Directors by identifying individuals qualified to become Board members, and recommend to the Board of Directors the director nominees whenever directors are to be appointed or elected, whether at the next annual meeting of stockholders or otherwise;

    - Review the qualifications and independence of the members of the Board of Directors and its various committees on a periodic basis and make any recommendations to the Board of Directors which the Committee may deem appropriate concerning any recommended changes in the composition or membership of the Board of Directors, or any of its committees;

- Develop and recommend to the Board of Directors any policies it may deem appropriate with regard to consideration of director candidates to be recommended to security holders;

- Develop and recommend to the Board of Directors corporate governance principles applicable to the Company;

- Conduct the annual review of the performance of the Board of Directors, the Committees of the Board of Directors and Company's executive management;

    - Recommend to the Board of Directors director nominees for each committee; and

- Develop and recommend to the Board of Directors any policies or processes it may deem appropriate for security holders to send communications to the Board of Directors.

80

Our directors play a critical role in guiding our strategic direction and oversee the management of our Company. Board candidates are considered based on various criteria, such as their broad based business and professional skills and experiences, a global business and social perspective, concern for long term interests of stockholders, and personal integrity and judgment. In addition, directors must have available time to devote to Board activities and to enhance their knowledge of the industry. Accordingly, we seek to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities to our Company. Recent developments in corporate governance and financial reporting have resulted in an increased demand for such highly qualified and productive public company directors. The Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees; however, how a specific nominee contributes to the diversity of the Board of Directors is considered by the Committee in determining candidates for the Board. The Committee and the Board consider diversity by identifying a nominee's experience and background and determining how such experience and background will complement the overall makeup of the Board. The Committee and the Board prefer nominees who will contribute to a board that is diverse in terms of business training, experience across a range of industries, leadership, background, and education.

Our Board of Directors will consider the recommendations of stockholders regarding potential director candidates. In order for stockholder recommendations regarding possible director candidates to be considered by our Board of Directors:

- such recommendations must be provided to the Board of Directors c/o Brent L. Larson, Neoprobe Corporation, 425 Metro Place North, Suite 300, Dublin, Ohio 43017, in writing at least 120 days prior to the one year anniversary date of the Company's proxy statement released to stockholders in connection with the previous year's annual meeting;

    - the nominating stockholder must meet the eligibility requirements to submit a valid stockholder proposal under Rule 14a-8 of the Securities Exchange Act of 1934, as amended;

- the stockholder must describe the qualifications, attributes, skills or other qualities of the recommended director candidate; and

    - the stockholder must follow the procedures set forth in Article III, Section 2 of our Bylaws.

Executive Committee

From August 2009 through December 2010, the Company formed an Executive Committee of the Board to assist our Board of Directors in the performance of its duties and responsibilities between regularly scheduled meetings. During the intervals between meetings of the full Board of Directors, the Executive Committee possesses and may exercise the powers of the full Board of Directors in the management of our business and affairs, except as limited by law. Any action taken by the Executive Committee must be reported to the full Board of Directors at its meeting next succeeding such action, and all actions of the Executive Committee are subject to revision and alteration by the full Board of Directors. The members of our Executive Committee were: Carl J. Aschinger, Jr. (Chairman), Fred B. Miller, Gordon A. Troup and David C. Bupp. Messrs. Aschinger, Miller and Troup are each "independent" under the NYSE Amex rules referenced above.

Audit Committee

The Audit Committee of the Board of Directors selects our independent registered public accounting firm with whom the Audit Committee reviews the scope of audit and non-audit assignments and related fees, the accounting principles that we use in financial reporting and the adequacy of our internal control procedures. The members of our Audit

Committee are: Fred B. Miller (Chairman), Brendan A. Ford, Owen E. Johnson, M.D., and Gordon A. Troup, each of whom is “independent” under Section 803A of the NYSE Amex Company Guide. Reuven Avital and J. Frank Whitley, Jr. were each members of the Audit Committee until their service on the Board of Directors ended as of the date of the 2010 annual meeting of stockholders. The Board of Directors has determined that Fred B. Miller meets the requirements of an “audit committee financial expert” as set forth in Section 407(d)(5) of Regulation S-K promulgated by the SEC. The Audit Committee held five meetings in the fiscal year ended December 31, 2010. The Board of Directors adopted a written Amended and Restated Audit Committee Charter on April 30, 2004. A copy of the Amended and Restated Audit Committee Charter is posted on the Company’s website at www.neoprobe.com.

REPORT OF AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee consults with our Chief Financial Officer and other key members of our management and with our independent registered public accounting firm with regard to their year-end audit plan, the results of its quarterly reviews conducted in accordance with Statement on Auditing Standards No. 100, the auditor's report of audit, and the accompanying management letter, if any; and consults with our Chief Financial Officer and other key members of our management and with our independent registered public accounting firm with regard to the adequacy of our internal accounting controls.

In fulfilling its responsibilities, the Audit Committee selected BDO USA, LLP ("BDO") as our independent registered public accounting firm for purposes of auditing our financial statements for the fiscal year ended December 31, 2010. The Audit Committee has reviewed and discussed with management and BDO our audited financial statements; discussed with BDO the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; received the written disclosures and the letter from BDO required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with BDO its independence from our Company.

Based on the reviews and discussions with management and BDO, the Audit Committee recommended to the Board of Directors that our audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and filed with the Securities and Exchange Commission.

The Board of Directors evaluated the independence of each member of the Audit Committee. As part of its evaluation, the Board of Directors determined, in the exercise of its business judgment, that each of Messrs. Miller, Ford and Troup, and Dr. Johnson, is independent under Section 803A of the NYSE Amex Company Guide and is financially literate.

Based upon its work and the information received in the inquiries outlined above, the Audit Committee is satisfied that its responsibilities under the charter for the period ended December 31, 2010, were met and that our financial reporting and audit processes are functioning effectively.

Submitted by the Audit Committee
of the Board of Directors:

Fred B. Miller, Chairman
Brendan A. Ford
Owen E. Johnson, M.D.
Gordon A. Troup

Stockholder Communications

Stockholders may send communications to our Board of Directors, or to individual directors, by mailing communications in writing to Neoprobe Corporation, c/o Brent L. Larson, 425 Metro Place North, Suite 300, Dublin, Ohio 43017.

Executive Officers

In addition to Dr. Pykett, the following individuals are executive officers of our Company and serve in the position(s) indicated below:

Name	Age	Position
Anthony K. Blair	50	Vice President, Manufacturing Operations
Rodger A. Brown	60	Vice President, Regulatory Affairs and Quality Assurance
Frederick O. Cope, Ph.D.	64	Senior Vice President, Pharmaceutical Research and Clinical Development
Brent L. Larson	48	Senior Vice President; Chief Financial Officer; Treasurer and Secretary
Douglas L. Rash	67	Vice President, Marketing
Thomas H. Tulip, Ph.D.	58	Executive Vice President and Chief Business Officer

Anthony K. Blair has served as Vice President, Manufacturing Operations of our Company since July 2004. Prior to joining our Company, Mr. Blair served as Vice President, Manufacturing Operations of Enpath Medical, Lead Technologies Division, formerly known as Biomec Cardiovascular, Inc. from 2002 to June 2004. From 1998 through 2001, Mr. Blair led the manufacturing efforts at Astro Instrumentation, a medical device contract manufacturer. From 1989 to 1998 at Ciba Corning Diagnostics (now Bayer), Mr. Blair held managerial positions including Operations Manager, Materials Manager, Purchasing Manager and Production Supervisor. From 1985 to 1989, Mr. Blair was employed by Bailey Controls and held various positions in purchasing and industrial engineering. Mr. Blair started his career at Fisher Body, a division of General Motors, in production supervision. Mr. Blair has a B.B.A. degree in management and labor relations from Cleveland State University.

Rodger A. Brown has served as Vice President, Regulatory Affairs and Quality Assurance of our Company since November 2000. From July 1998 through November 2000, Mr. Brown served as our Director, Regulatory Affairs and Quality Assurance. Prior to joining our Company, Mr. Brown served as Director of Regulatory Affairs and/ Quality Assurance for Biocore Medical Technologies, Inc. from April 1997 to April 1998. From 1981 through 1996, Mr. Brown served as Director, Regulatory Affairs/Quality Assurance for E for M Corporation, a subsidiary of Marquette Electronics, Inc.

Frederick O. Cope, Ph.D., F.A.C.N., C.N.S., has served as Senior Vice President, Pharmaceutical Research and Clinical Development of our Company since July 2010 and as Vice President, Pharmaceutical Research and Clinical Development from February 2009 to July 2010. Prior to accepting his position with the Company, Dr. Cope served as the Assistant Director for Research and Head of Program Research Development for The Ohio State University Comprehensive Cancer Center, The James Cancer Hospital and The Richard J. Solove Research Institute, from April 2001 to February 2009. Dr. Cope also served as head of the Cancer and AIDS product development and commercialization program for the ROSS/Abbott Laboratories division for 10 years, and head of human and veterinary vaccine production and improvement group for Wyeth Laboratories for seven years. Dr. Cope served a fellowship in oncology at the McArdle Laboratory for Cancer Research at the University of Wisconsin and the

honored scientist in residence at the National Cancer Center Research Institute in Tokyo; he is the recipient of the Ernst W. Volwiler Research Award. Dr. Cope is also active in a number of professional and scientific organizations such as serving as an editorial reviewer for several professional journals, and as an advisor/director to the research program of Roswell Park Memorial Cancer Center. Dr. Cope received his B.Sc. from the Delaware Valley College of Science and Agriculture, his M.S. from Millersville University of Pennsylvania and his Ph.D. from the University of Connecticut with full honors.

Brent L. Larson has served as Senior Vice President of our Company since July 2010, as Chief Financial Officer and Treasurer since February 1999 and as Secretary since 2003. Prior to that, Mr. Larson served as our Vice President, Finance from July 1998 to July 2010 and as Controller from July 1996 to June 1998. Before joining our Company, Mr. Larson was employed by Price Waterhouse LLP. Mr. Larson has a B.B.A. degree in accounting from Iowa State University of Science and Technology and is a Certified Public Accountant.

Douglas L. Rash has served as Vice President, Marketing of our Company since January 2005. Prior to that, Mr. Rash was Neoprobe's Director, Marketing and Product Management from March to December 2004. Before joining our Company, Mr. Rash served as Vice President and General Manager of MTRE North America, Inc. from 2000 to 2003. From 1994 to 2000, Mr. Rash served as Vice President and General Manager (Medical Division) of Cincinnati Sub-Zero, Inc. From 1993 to 1994, Mr. Rash was Executive Vice President of Everest & Jennings International, Ltd. During his nine-year career at Gaymar Industries, Inc. from 1984 to 1993, Mr. Rash held positions as Vice President and General Manager (Clinicare Division) and Vice President, Marketing and Sales (Acute Care Division). From 1976 to 1984, Mr. Rash held management positions at various divisions of British Oxygen Corp. Mr. Rash has a B.S. degree in Business Administration with a minor in Chemistry from Wisconsin State University.

Thomas H. Tulip, Ph.D. has served as Executive Vice President and Chief Business Officer of our Company since June 2011. Prior to joining Neoprobe, Dr. Tulip held senior leadership positions at Alseres Pharmaceuticals, Lantheus Medical Imaging, Bristol Myers Squibb (BMS) and DuPont, where his roles spanned product discovery and development, business and technology planning, brand and alliance management and international business management. Most recently, as President, Alseres Molecular Imaging, Dr. Tulip led efforts to develop markets for a Phase III neuroimaging agent. While at DuPont and BMS prior to Alseres, he was instrumental in the development, commercialization and international management of the highly successful nuclear cardiology franchise, successfully built the BMS Medical Imaging international business, and led planning activities for innovative PET tracers at Lantheus/BMS. He was a visiting scholar at Osaka University and served as adjunct professor at Northeastern University. Tulip serves on the Board of Directors of the Medical Imaging Technology Association (MITA) and leads its PET Working Group in the Molecular Imaging Section. He was recently Chairperson of the Institute for Molecular Technologies (IMT) and held numerous leadership positions there. He served on the Board of the Academy of Molecular Imaging, including as its Treasurer. Dr. Tulip was Chairperson for the Society of Nuclear Medicine (SNM) Corporate Advisory Board and has been active in a number of Council on Radionuclides and Radiopharmaceuticals (CORAR) committees, now serving on its Board of Directors. Dr. Tulip earned a B.S. from the University of Vermont, and an M.S. and Ph.D. from Northwestern University.

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of May 31, 2011, certain information with respect to the beneficial ownership of shares of our common stock by: (i) each person known to us to be the beneficial owner of more than 5% of our outstanding shares of common stock, (ii) each director or nominee for director of our Company, (iii) each of the Named Executives (see "Executive Compensation – Summary Compensation Table"), and (iv) our directors and executive officers as a group.

Beneficial Owner	Number of Shares Beneficially Owned (*)		Percent of Class (**)	
Carl J. Aschinger, Jr.	308,620	(a)		(p)
Anthony K. Blair	302,998	(b)		(p)
David C. Bupp	5,269,130	(c)	5.5	%
Frederick O. Cope, Ph.D.	68,691	(d)		(p)
Peter F. Drake, Ph.D.	—	(e)		(p)
Brendan A. Ford	30,000	(f)		(p)
Owen E. Johnson, M.D.	110,000	(g)		(p)
Jess E. Jones, M.D.	—	(h)		(p)
Brent L. Larson	722,448	(i)		(p)
Fred B. Miller	396,000	(j)		(p)
Mark J. Pykett, V.M.D., Ph.D.	—	(k)		(p)
Eric K. Rowinsky, M.D.	—	(l)		(p)
Gordon A. Troup	60,000	(m)		(p)
All directors and officers as a group (15 persons)	7,859,486	(n)(q)	8.0	%
Platinum Montaur Life Sciences, LLC	4,465,813	(o)	4.7	%

(*) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission which generally attribute beneficial ownership of securities to persons who possess sole or shared voting power and/or investment power with respect to those securities. Unless otherwise indicated, voting and investment power are exercised solely by the person named above or shared with members of such person's household.

(**) Percent of class is calculated on the basis of the number of shares outstanding on May 31, 2011, plus the number of shares the person has the right to acquire within 60 days of May 31, 2011.

(a) This amount includes 150,000 shares issuable upon exercise of options which are exercisable within 60 days and 320 shares held in a trust account for which Mr. Aschinger is the custodian, but does not include 47,000 shares of unvested restricted stock.

(b) This amount includes 261,667 shares issuable upon exercise of options which are exercisable within 60 days and 41,331 shares in Mr. Blair's account in the 401(k) Plan, but it does not include 100,000 shares of unvested restricted stock and 118,333 shares issuable upon exercise of options which are not exercisable within 60 days.

(c) This amount includes preferred stock convertible into 1,613,000 shares of our Common Stock, 213,746 shares that are held by Mr. Bupp's wife for which he disclaims beneficial ownership and 129,056 shares in Mr. Bupp's account in the 401(k) Plan, but it does not include 600,000 shares of unvested restricted stock.

(d) This amount includes 58,333 shares issuable upon exercise of options which are exercisable within 60 days and 5,358 shares in Dr. Cope's account in the 401(k) Plan, but it does not include 175,000 shares of unvested restricted stock and 186,667 shares issuable upon exercise of options which are not exercisable within 60 days.

(e) This amount does not include 17,000 shares of unvested restricted stock.

(f) This amount does not include 47,000 shares of unvested restricted stock.

(g)

This amount includes 40,000 shares issuable upon exercise of options which are exercisable within 60 days but does not include 47,000 shares of unvested restricted stock.

(h) This amount does not include 17,000 shares of unvested restricted stock.

(i) This amount includes 471,667 shares issuable upon exercise of options which are exercisable within 60 days and 95,869 shares in Mr. Larson's account in the 401(k) Plan, but it does not include 125,000 shares of unvested restricted stock and 153,333 shares issuable upon exercise of options which are not exercisable within 60 days.

(j) This amount includes 255,000 shares issuable upon exercise of options which are exercisable within 60 days and 91,000 shares held by Mr. Miller's wife for which he disclaims beneficial ownership, but does not include 47,000 shares of unvested restricted stock.

(k) This amount does not include 300,000 shares of unvested restricted stock and 200,000 shares issuable upon exercise of options which are not exercisable within 60 days.

(l) This amount does not include 47,000 shares of unvested restricted stock.

(m) This amount includes 20,000 shares issuable upon exercise of options which are exercisable within 60 days, but does not include 47,000 shares of unvested restricted stock.

(n) This amount includes 1,805,001 shares issuable upon exercise of options which are exercisable within 60 days, preferred stock convertible into 1,613,000 shares of our common stock, 305,066 shares that are held by spouses of our Directors and Officers or in trusts for which they are custodian but for which they disclaim beneficial ownership, and 286,164 shares held in the 401(k) Plan on behalf of certain officers, but it does not include 1,686,000 shares of unvested restricted stock and 849,999 shares issuable upon the exercise of options which are not exercisable within 60 days. The Company itself is the trustee of the Neoprobe 401(k) Plan and may, as such, share investment power over common stock held in such plan. The trustee disclaims any beneficial ownership of shares held by the 401(k) Plan. The 401(k) Plan holds an aggregate total of 644,293 shares of common stock. The 15 persons referenced in this disclosure include each director and named executive officer listed in the table, and Messrs. Brown and Rash, who we have referenced above under the heading "Executive Officer," but who do not qualify as "named executive officers" as defined in Item 401(a)(3) of Regulation S-K.

(o) Based on information filed on Schedule 13G with the Securities and Exchange Commission on February 22, 2011, as amended on April 20, 2011, and information supplied subsequently by holder. The number of shares beneficially owned by Platinum-Montaur Life Sciences, LLC (Montaur), 152 W. 57th Street, 54th Floor, New York, NY 10019, does not include 29,701,410 shares of Common Stock issuable upon conversion of 917 shares of Series B Convertible Preferred Stock, 6,000,000 shares of common stock issuable upon exercise of a Series W Warrant issued to Montaur on December 26, 2007, as amended (the Series W Warrant), 8,333,333 shares of common stock issuable upon exercise of a Series X Warrant issued to Montaur on April 16, 2008 (the Series X Warrant), and 2,400,000 shares of common stock issuable upon exercise of a Series AA Warrant issued to Montaur on July 24, 2009 (the Series AA Warrant). The Certificates of Designation of the Preferred Stock, the Series W Warrant, the Series X Warrant and the Series AA Warrant each provide that the holder of shares of the Preferred Stock, the Series W Warrant, the Series X Warrant and the Series AA Warrant, respectively, may not convert any of the preferred stock or exercise any of the warrants to the extent that such conversion or exercise would result in the holder and its affiliates together beneficially owning more than 9.99% of the outstanding shares of Common Stock, except on 61 days' prior written notice to Neoprobe that the holder waives such limitation.

(p) Less than one percent.

(q) The address of all directors and executive officers is c/o Neoprobe Corporation, 425 Metro Place North, Suite 300, Dublin, Ohio 43017-1367.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain information concerning the annual and long-term compensation of our Chief Executive Officer and our other four highest paid executive officers during the last fiscal year (the Named Executives) for the last two fiscal years.

Name and Principal Position	Year	Salary	(a) Bonus	(b) Option Awards	(c) Restricted Stock Awards	(d) All Other Compensation	Total Compensation
Anthony K. Blair Vice President, Manufacturing Operations	2010 2009	$ 180,000 157,000	$ 37,500 17,500	$ 72,585 65,247	$ — 54,950	$ 5,391 3,936	$ 295,476 298,633
David C. Bupp Former President and Chief Executive Officer (e)	2010 2009	$ 355,000 335,000	$ 107,500 45,000	$ — —	$ 584,700 565,308	$ 8,887 8,621	$ 1,056,087 953,929
Frederick O. Cope, Ph.D. Senior Vice President, Pharmaceutical Research and Clinical Development	2010 2009	$ 211,000 175,000	$ 51,375 25,000	$ 145,169 78,520	$ — 147,328	$ 5,980 4,360	$ 413,524 430,208
Brent L. Larson Senior Vice President and Chief Financial Officer	2010 2009	$ 195,000 184,000	$ 37,500 15,313	$ 114,926 65,247	$ — 82,426	$ 5,733 4,934	$ 353,159 351,920
Mark J. Pykett, V.M.D., Ph.D. President and Chief Executive Officer (e)	2010 2009	$ 41,875 —	$ 6,278 —	$ 193,783 —	$ 530,700 —	$ — —	$ 772,636 —

(a) Bonuses have been disclosed for the year in which they were earned (i.e., the year to which the service relates).

(b) Amount represents the aggregate grant date fair value in accordance with FASB ASC Topic 718. Assumptions made in the valuation of stock option awards are disclosed in Note 1(e) of the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

(c) Amount represents the aggregate grant date fair value in accordance with FASB ASC Topic 718. Assumptions made in the valuation of restricted stock awards are disclosed in Note 1(e) of the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

(d) Amount represents life insurance premiums and club dues paid during the fiscal year for the benefit of the Named Executives and matching contributions under the Neoprobe Corporation 401(k) Plan (the Plan). Eligible employees may make voluntary contributions and we may, but are not obligated to, make matching contributions based on 40 percent of the employee's contribution, up to 5 percent of the employee's salary. Employee contributions are invested in mutual funds administered by an independent plan administrator. Company contributions, if any, are made in the form of shares of Common Stock. The Plan qualifies under section 401 of the Internal Revenue Code, which provides that employee and company contributions and income earned on contributions are not taxable to the employee until withdrawn from the Plan, and that we may deduct our contributions when made.

(e) Effective April 15, 2011, Dr. Pykett serves as the President and Chief Executive Officer of the Company, and Mr. Bupp no longer serves as an officer of the Company.

Outstanding Equity Awards of Named Executives at Fiscal Year End

The following table presents certain information concerning outstanding equity awards held by the Named Executives as of December 31, 2010.

	Option Awards					Stock Awards		
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Unexercisable	Option Exercise Price	Option Expiration Date	Note	Number of Unearned Shares	Market Value of Unearned Shares (x)	Note
Anthony K. Blair	50,000	—	$ 0.60	7/1/2014	(e)			
	40,000	—	$ 0.39	12/10/2014	(g)			
	30,000	—	$ 0.26	12/27/2015	(h)			
	30,000	—	$ 0.27	12/15/2016	(i)			
	20,000	—	$ 0.35	7/27/2017	(j)			
	33,333	16,667	$ 0.362	1/3/2018	(k)			
	8,333	16,667	$ 0.59	1/5/2019	(l)			
	25,000	50,000	$ 1.10	10/30/2019	(n)			
	—	60,000	$ 1.90	12/21/2020	(p)			
						50,000	$ 103,000	(q)
						50,000	$ 103,000	(u)
David C. Bupp	180,000	—	$ 0.42	1/7/2012	(a)			
	100,000	—	$ 0.14	1/15/2013	(b)			
	70,000	—	$ 0.13	2/15/2013	(c)			
	125,000	—	$ 0.30	1/7/2014	(d)			
	150,000	—	$ 0.49	7/28/2014	(f)			
	200,000	—	$ 0.39	12/10/2014	(g)			
	200,000	—	$ 0.26	12/27/2015	(h)			
	300,000	—	$ 0.27	12/15/2016	(i)			
	133,333	66,667	$ 0.362	1/3/2018	(k)			
						300,000	$ 618,000	(q)
						400,000	$ 824,000	(r)
						300,000	$ 618,000	(t)
						300,000	$ 618,000	(w)
Frederick O. Cope, Ph.D.	16,667	33,333	$ 0.65	2/16/2019	(m)			
	25,000	50,000	$ 1.10	10/30/2019	(n)			
	—	120,000	$ 1.90	12/21/2020	(p)			
						100,000	$ 206,000	(s)
						75,000	$ 154,500	(u)
Brent L. Larson	50,000	—	$ 0.42	1/7/2012	(a)			
	40,000	—	$ 0.14	1/15/2013	(b)			
	30,000	—	$ 0.13	2/15/2013	(c)			
	70,000	—	$ 0.30	1/7/2014	(d)			
	50,000	—	$ 0.49	7/28/2014	(f)			

	50,000	—	$ 0.39	12/10/2014	(g)			
	40,000	—	$ 0.26	12/27/2015	(h)			
	50,000	—	$ 0.27	12/15/2016	(i)			
	33,333	16,667	$ 0.362	1/3/2018	(k)			
	8,333	16,667	$ 0.59	1/5/2019	(l)			
	25,000	50,000	$ 1.10	10/30/2019	(n)			
	—	95,000	$ 1.90	12/21/2020	(p)			
						50,000	$ 103,000	(q)
						75,000	$ 154,500	(u)
Mark J. Pykett, V.M.D., Ph.D.	—	200,000	$ 1.70	11/12/2010	(o)			
						300,000	$ 618,000	(v)

(a) Options were granted 1/7/2002 and vested as to one-third on each of the first three anniversaries of the date of grant.
(b) Options were granted 1/15/2003 and vested as to one-third on each of the first three anniversaries of the date of grant.
(c) Options were granted 2/15/2003 and vested as to one-third on each of the first three anniversaries of the date of grant.
(d) Options were granted 1/7/2004 and vested as to one-third on each of the first three anniversaries of the date of grant.

(e) Options were granted 7/1/2004 and vested as to one-third on each of the first three anniversaries of the date of grant.
(f) Options were granted 7/28/2004 and vested as to one-third on each of the first three anniversaries of the date of grant.
(g) Options were granted 12/10/2004 and vested as to one-third on each of the first three anniversaries of the date of grant.
(h) Options were granted 12/27/2005 and vested as to one-third immediately and on each of the first two anniversaries of the date of grant.
(i) Options were granted 12/15/2006 and vested as to one-third on each of the first three anniversaries of the date of grant.
(j) Options were granted 7/27/2007 and vested as to one-third on each of the first three anniversaries of the date of grant.
(k) Options were granted 1/3/2008 and vested as to one-third on each of the first three anniversaries of the date of grant.
(l) Options were granted 1/5/2009 and vest as to one-third on each of the first three anniversaries of the date of grant.
(m) Options were granted 2/16/2009 and vest as to one-third on each of the first three anniversaries of the date of grant.
(n) Options were granted 10/30/2009 and vest as to one-third on each of the first three anniversaries of the date of grant.
(o) Options were granted 11/12/2010 and vest as to one-third on each of the first three anniversaries of the date of grant.
(p) Options were granted 12/21/2010 and vest as to one-fourth on each of the first four anniversaries of the date of grant.
(q) Restricted shares granted January 3, 2008. Pursuant to the terms of Restricted Stock Agreements between the Company and each grantee, the restricted shares will vest upon the approval of a New Drug Application (NDA) for Lymphoseek by the United States Food and Drug Administration (FDA). If the employment of a grantee with the Company is terminated before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreements all restricted shares that have not vested at the effective date of such grantee's termination shall immediately be forfeited by the grantee. Pursuant to its authority under Section 3.2 of the Restricted Stock Agreements the CNG Committee eliminated the forfeiture provision in Section 3.2(b) of the Restricted Stock Agreements effective January 1, 2009, which provision effected the forfeiture of the shares if the vesting event did not occur before June 30, 2010.
(r) Restricted shares granted January 5, 2009. Pursuant to the terms of the Restricted Stock Agreement between the Company and Mr. Bupp, the restricted shares will vest upon the approval of a NDA for Lymphoseek by the FDA or the approval of marketing authorization for Lymphoseek by the European Medicines Agency (EMA). All of the restricted shares vest upon the occurrence of a Termination Without Cause, in the event of an End of Term Termination, or in the event of a Change of Control, as defined in Mr. Bupp's employment agreement. If the employment of Mr. Bupp with the Company is terminated for reasons other than a Termination Without Cause, an End of Term Termination, or a Change of Control before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreement all restricted shares that have not vested at the effective date of Mr. Bupp's termination shall immediately be forfeited by Mr. Bupp.
(s) Restricted shares granted February 16, 2009. Pursuant to the terms of the Restricted Stock Agreement between the Company and Dr. Cope, 50% of the restricted shares will vest upon the approval of a NDA for Lymphoseek by FDA or the approval of marketing authorization for Lymphoseek by the EMA and 50% of the restricted shares will vest upon the commencement of patient enrollment in a Phase 3 clinical trial in humans of RIGScan. All of the restricted shares vest upon the occurrence of a Change of Control as defined in Dr. Cope's employment agreement. If the employment of Dr. Cope with the Company is terminated for reasons other than a Change of Control before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreement all restricted shares that have not vested at the effective date of Dr. Cope's termination shall immediately be

forfeited by Dr. Cope.

(t) Restricted shares granted December 1, 2009. Pursuant to the terms of the Restricted Stock Agreement between the Company and Mr. Bupp, the restricted shares will vest upon the approval of a NDA for Lymphoseek by the FDA or the approval of marketing authorization for Lymphoseek by the EMA. All of the restricted shares vest upon the occurrence of a Termination Without Cause, in the event of an End of Term Termination, or in the event of a Change of Control, as defined in the Restricted Stock Agreement. If the employment of Mr. Bupp with the Company is terminated for reasons other than a Termination Without Cause, an End of Term Termination, or a Change of Control before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreement all restricted shares that have not vested at the effective date of Mr. Bupp's termination shall immediately be forfeited by Mr. Bupp.

(u) Restricted shares granted December 1, 2009. Pursuant to the terms of Restricted Stock Agreements between the Company and each grantee, the restricted shares will vest upon the approval of a NDA for Lymphoseek by the FDA or the approval of marketing authorization for Lymphoseek by the EMA. All of the restricted shares vest upon the occurrence of a Change of Control as defined in the Restricted Stock Agreement. If the employment of a grantee with the Company is terminated for reasons other than a Change of Control before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreements all restricted shares that have not vested at the effective date of such grantee's termination shall immediately be forfeited by the grantee.

(v) Restricted shares granted November 15, 2010. Pursuant to the terms of the Restricted Stock Agreement between the Company and Dr. Pykett, 125,000 of the restricted shares will vest upon the approval of a NDA for Lymphoseek by FDA or the approval of marketing authorization for Lymphoseek by the EMA and 175,000 of the restricted shares will vest upon the approval of a NDA for a RIGS technology product by FDA or the approval of marketing authorization for a RIGS technology product by the EMA. All of the restricted shares vest upon the occurrence of a Change of Control as defined in Dr. Pykett's employment agreement. If the employment of Dr. Pykett with the Company is terminated for reasons other than a Change of Control before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreement all restricted shares that have not vested at the effective date of Dr. Pykett's termination shall immediately be forfeited by Dr. Pykett.

(w) Restricted shares granted December 20, 2010. Pursuant to the terms of the Restricted Stock Agreement between the Company and Mr. Bupp, the restricted shares will vest upon the approval of a Phase 3 clinical program for a RIGS technology product by the FDA or the approval of marketing authorization for a RIGS technology product by the EMA. All of the restricted shares vest upon the occurrence of a Termination Without Cause, in the event of an End of Term Termination, or in the event of a Change of Control, as defined in the Restricted Stock Agreement. If the employment of Mr. Bupp with the Company is terminated for reasons other than a Termination Without Cause, an End of Term Termination, or a Change of Control before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreement all restricted shares that have not vested at the effective date of Mr. Bupp's termination shall immediately be forfeited by Mr. Bupp.

(x) Estimated by reference to the closing market price of the Company's common stock on December 31, 2010, pursuant to Instruction 3 to Item 402(p)(2) of Regulation S-K. The closing price of the Company's Common Stock on December 31, 2010, was $2.06.

Equity Compensation Plan Information

The following table sets forth additional information as of December 31, 2010, concerning shares of our Common Stock that may be issued upon the exercise of options and other rights under our existing equity compensation plans and arrangements, divided between plans approved by our stockholders and plans or arrangements not submitted to our stockholders for approval. The information includes the number of shares covered by, and the weighted average exercise price of, outstanding options and other rights and the number of shares remaining available for future grants excluding the shares to be issued upon exercise of outstanding options, warrants, and other rights.

	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Issuance Under Equity Compensation Plans (Excluding Securities

				Reflected in Column (a))
Equity compensation plans approved by security holders	5,734,500	$	0.58	2,295,182
Equity compensation plans not approved by security holders	—		—	—
Total	5,734,500	$	0.58	2,295,182

Employment and Other Compensation Agreements

Our Named Executive Officers are employed under employment agreements of varying terms as outlined below. In addition, the CNG Committee will, on an annual basis, review the performance of our Company and may pay bonuses to our executives as it deems appropriate, in its discretion. Such review and bonus will be consistent with any bonus plan adopted by the CNG Committee that covers the executive officers of the Company generally.

Anthony K. Blair

Employment Agreement. Anthony Blair is employed under a 24-month employment agreement effective January 1, 2011. The employment agreement provides for an annual base salary of $195,000. For the calendar year ending December 31, 2011, the CNG Committee has determined that the maximum bonus payment to Mr. Blair will be $35,000.

If a change in control occurs with respect to our Company and the employment of Mr. Blair is concurrently or subsequently terminated:

- by the Company without cause (cause is defined as any willful breach of a material duty by Mr. Blair in the course of his employment or willful and continued neglect of his duty as an employee);
- by the expiration of the term of Mr. Blair's employment agreement; or
- by the resignation of Mr. Blair because his title, authority, responsibilities, salary, bonus opportunities or benefits have materially diminished, a material adverse change in his working conditions has occurred, his services are no longer required in light of the Company's business plan, or we breach the agreement;

then, Mr. Blair will be paid a severance payment of $292,500 and will continue his benefits for the longer of 12 months or the remaining term of his employment agreement.

For purposes of Mr. Blair's employment agreement, a change in control includes:

- the acquisition, directly or indirectly, by a person (other than our Company, an employee benefit plan established by the Board of Directors, or a participant in a transaction approved by the Board of Directors for the principal purpose of raising additional capital) of beneficial ownership of 30% or more of our securities with voting power in the next meeting of holders of voting securities to elect the directors;
- a majority of the directors elected at any meeting of the holders of our voting securities are persons who were not nominated by our then current Board of Directors or an authorized committee thereof;
- our stockholders approve a merger or consolidation of our Company with another person, other than a merger or consolidation in which the holders of our voting securities outstanding immediately before such merger or consolidation continue to hold voting securities in the surviving or resulting corporation (in the same relative proportions to each other as existed before such event) comprising 80% or more of the voting power for all purposes of the surviving or resulting corporation; or
- our stockholders approve a transfer of substantially all of the assets of our Company to another person other than a transfer to a transferee, 80% or more of the voting power of which is owned or controlled by us or by the holders of our voting securities outstanding immediately before such transfer in the same relative proportions to each other as existed before such event.

91

Mr. Blair will be paid a severance amount of $195,000 if his employment is terminated at the end of his employment agreement or without cause. If Mr. Blair is terminated without cause, his benefits will continue for the longer of 12 months or the full term of the agreement.

Frederick O. Cope, Ph.D.

Employment Agreement. Frederick Cope is employed under a 24-month employment agreement effective January 1, 2011. The employment agreement provides for an annual base salary of $245,000. For the calendar year ending December 31, 2011, the CNG Committee has determined that the maximum bonus payment to Dr. Cope will be $65,000.

The terms of Dr. Cope's employment agreement are substantially identical to Mr. Blair's employment agreement, except that:

- If a change in control occurs with respect to our Company and the employment of Dr. Cope is concurrently or subsequently terminated, then Dr. Cope will be paid a severance payment of $367,500; and

- Dr. Cope will be paid a severance amount of $245,000 if his employment is terminated at the end of his employment agreement or without cause.

Brent L. Larson

Employment Agreement. Brent Larson is employed under a 24-month employment agreement effective January 1, 2011. The employment agreement provides for an annual base salary of $207,000. For the calendar year ending December 31, 2011, the CNG Committee has determined that the maximum bonus payment to Mr. Larson will be $45,000.

The terms of Mr. Larson's employment agreement are substantially identical to Mr. Blair's employment agreement, except that:

- If a change in control occurs with respect to our Company and the employment of Mr. Larson is concurrently or subsequently terminated, then Mr. Larson will be paid a severance payment of $310,500; and

- Mr. Larson will be paid a severance amount of $207,000 if his employment is terminated at the end of his employment agreement or without cause.

Mark J. Pykett, V.M.D., Ph.D.

Employment Agreement. Mark Pykett is employed under an employment agreement effective April 15, 2011, and terminating on the earlier of: (1) 36 months from April 15, 2011, in the event that Dr. Pykett relocates his principal residence to the greater Columbus, Ohio metropolitan area within 9 months of April 15, 2011; or (2) 18 months from April 15, 2011, in the event that Dr. Pykett does not relocate his principal residence to the greater Columbus, Ohio metropolitan area within 9 months of April 15, 2011. The employment agreement provides for an annual base salary of $375,000. For the calendar year ending December 31, 2011, the CNG Committee has determined that the maximum bonus payment to Dr. Pykett will be $112,500, pro-rated to reflect the number of weeks during the 2011 calendar year in which the Company employed Dr. Pykett as President and Chief Executive Officer.

The terms of Dr. Pykett's employment agreement are substantially identical to Mr. Blair's employment agreement, except that:

- If a change in control occurs with respect to our Company and the employment of Dr. Pykett is concurrently or subsequently terminated, then Dr. Pykett will be paid a severance payment of $ $937,500; and

- If his employment is terminated at the end of his employment agreement or without cause, Dr. Pykett will be paid a severance amount of $750,000 in the event that Dr. Pykett has relocated his principal residence to the greater Columbus, Ohio metropolitan area within 9 months of April 15, 2011, or $468,750 in the event that such relocation has not occurred by the required time.

Relocation Agreement. The Relocation Agreement provides for the Company to reimburse Dr. Pykett in an aggregate amount not to exceed $75,000, for certain costs associated with the relocation of his primary residence to the greater Columbus, Ohio metropolitan area, including: (1) up to $20,000 to cover the reasonable costs of moving Dr. Pykett's and his immediate family's household goods and other personal property; (2) reasonable costs associated with temporary housing; (3) reasonable hotel and travel costs incurred by Dr. Pykett and his immediate family in traveling to and from the greater Columbus, Ohio metropolitan area if incurred pursuant to Dr. Pykett's search for a new primary residence; (4) reasonable closing costs and other sale- related costs for the sale of Dr. Pykett's existing primary residence, and closing costs for Dr. Pykett's purchase of a new primary residence; and (5) up to $20,000 for actual loss incurred on the sale of Dr. Pykett's current primary residence.

Compensation of Directors

Each non-employee director received an annual cash retainer of $25,000 and earned an additional $2,500 per board meeting attended in person or $500 per telephonic board meeting during the fiscal year ended December 31, 2010. The Chairmen of the Company's Board of Directors and Audit Committee each received an additional annual retainer of $10,000 for their services in those capacities during 2010. Members of the Executive Committee each received an additional annual retainer of $5,000 for their services on the committee. Members of all committees of the Company's Board of Directors earned an additional $500 per committee meeting, whether attended in person or telephonically. We also reimbursed non-employee directors for travel expenses for meetings attended during 2010.

Upon election to the Board of Directors at the Company's Annual Meeting on July 16, 2010, Brendan A. Ford and Eric K. Rowinsky, M.D. each received 30,000 shares of restricted stock as a part of the Company's annual stock incentive grants, in accordance with the provisions of the Neoprobe Corporation Second Amended and Restated 2002 Stock Incentive Plan. The restricted stock granted will vest upon the approval of a New Drug Application for Lymphoseek by the United States Food and Drug Administration or the approval of marketing authorization for Lymphoseek by the European Medicines Agency. The aggregate number of equity awards outstanding at May 31, 2011 for each director is set forth in the footnotes to the beneficial ownership table provided in the section entitled "Securities Ownership of Certain Beneficial Owners and Management." Directors who are also officers or employees of Neoprobe do not receive any compensation for their services as directors.

The following table sets forth certain information concerning the compensation of non-employee Directors for the fiscal year ended December 31, 2010.

Name	(a) Fees Earned or Paid in Cash	(b) Option Awards	(c) Restricted Stock Awards	Total Compensation
Carl J. Aschinger, Jr.	$ 57,000	$ —	$ —	$ 57,000
Reuven Avital (d)	18,500	—	—	18,500
Kirby I. Bland, M.D. (e)	34,500	—	—	34,500
Brendan A. Ford	24,500	—	57,570	82,070
Owen E. Johnson, M.D.	37,000	—	—	37,000
Fred B. Miller	56,500	—	—	56,500
Eric K. Rowinsky, M.D.	19,000	—	57,570	76,570

Gordon A. Troup	46,500	—	—	46,500
J. Frank Whitley, Jr. (d)	18,000	—	—	18,000

(a) Amount represents fees earned during the fiscal year ended December 31, 2010 (i.e., the year to which the service relates). Quarterly retainers and meeting attendance fees are paid during the quarter following the quarter in which they are earned.

(b) Amount represents the aggregate grant date fair value in accordance with FASB ASC Topic 718. Assumptions made in the valuation of stock option awards are disclosed in Note 1(e) of the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

(c) Amount represents the aggregate grant date fair value in accordance with FASB ASC Topic 718. Assumptions made in the valuation of restricted stock awards are disclosed in Note 1(e) of the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

(d) Messrs. Avital and Whitley retired from our Board of Directors effective July 16, 2010, the date of the 2010 Annual Meeting.

(e) Dr. Bland resigned from our Board of Directors effective December 1, 2010.

Outstanding Equity Awards of Non-Employee Directors at Fiscal Year End

The following table presents certain information concerning outstanding equity awards held by the non-employee directors as of December 31, 2010.

	Option Awards					Stock Awards		
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Unexercisable	Option Exercise Price	Option Expiration Date	Note	Number of Unearned Shares	Market Value of Unearned Shares (o)	Note
Carl J. Aschinger, Jr.	40,000	—	$ 0.49	7/28/2014	(e)	30,000	$ 61,800	(m)
	40,000	—	$ 0.68	2/15/2015	(f)			
	30,000	—	$ 0.26	12/27/2015	(g)			
	20,000	—	$ 0.27	12/15/2016	(h)			
	10,000	—	$ 0.36	1/3/2018	(j)			
	10,000	—	$ 0.59	1/5/2019	(l)			
Brendan A. Ford	—	—				30,000	$ 61,800	(n)
Owen E. Johnson, M.D.	20,000	—	$ 0.35	7/27/2017	(i)	30,000	$ 61,800	(m)
	10,000	—	$ 0.36	1/3/2018	(j)			
	10,000	—	$ 0.59	1/5/2019	(l)			
Fred B. Miller	25,000	—	$ 0.42	1/7/2012	(a)	30,000	$ 61,800	(m)
	20,000	—	$ 0.14	1/15/2013	(b)			
	40,000	—	$ 0.30	1/7/2014	(c)			
	40,000	—	$ 0.50	3/8/2014	(d)			
	60,000	—	$ 0.68	2/15/2015	(f)			
	30,000	—	$ 0.26	12/27/2015	(g)			
	20,000	—	$ 0.27	12/15/2016	(h)			
	10,000	—	$ 0.362	1/3/2018	(j)			
	10,000	—	$ 0.59	1/5/2019	(l)			
Eric K. Rowinsky, M.D.	—	—				30,000	$ 61,800	(n)
Gordon A. Troup	10,000	—	$ 0.63	7/29/2018	(k)	30,000	$ 61,800	(m)
	10,000	—	$ 0.59	1/5/2019	(l)			

(a) Options were granted 1/7/2002 and vested on the first anniversary of the date of grant.
(b) Options were granted 1/15/2003 and vested on the first anniversary of the date of grant.
(c) Options were granted 1/7/2004 and vested on the first anniversary of the date of grant.
(d) Options were granted 3/8/2004 and vested on the first anniversary of the date of grant.
(e) Options were granted 7/28/2004 and vested on the first anniversary of the date of grant.
(f) Options were granted 2/15/2005 and vested on the first anniversary of the date of grant.
(g) Options were granted 12/27/2005 and vested on the first anniversary of the date of grant.

(h) Options were granted 12/15/2006 and vested on the first anniversary of the date of grant.
(i) Options were granted 7/27/2007 and vested on the first anniversary of the date of grant.
(j) Options were granted 1/3/2008 and vested on the first anniversary of the date of grant.
(k) Options were granted 7/29/2008 and vested on the first anniversary of the date of grant.
(l) Options were granted 1/5/2009 and vested on the first anniversary of the date of grant.
(m) Restricted shares granted 12/1/2009. Pursuant to the terms of Restricted Stock Agreements between the Company and each grantee, the restricted shares will vest upon the approval of a New Drug Application (NDA) for Lymphoseek by the United States Food and Drug Administration (FDA). If the employment of a grantee with the Company is terminated before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreements all restricted shares that have not vested at the effective date of such grantee's termination shall immediately be forfeited by the grantee.
(n) Restricted shares granted 7/16/2010. Pursuant to the terms of Restricted Stock Agreements between the Company and each grantee, the restricted shares will vest upon the approval of a NDA for Lymphoseek by FDA. If the employment of a grantee with the Company is terminated before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreements all restricted shares that have not vested at the effective date of such grantee's termination shall immediately be forfeited by the grantee.

(o) Estimated by reference to the closing market price of the Company's Common Stock on December 31, 2010, pursuant to Instruction 3 to Item 402(p)(2) of Regulation S-K. The closing price of the Company's Common Stock on December 31, 2010, was $2.06.

CODE OF BUSINESS CONDUCT AND ETHICS

We have adopted a code of business conduct and ethics that applies to our directors, officers and all employees. The code of business conduct and ethics is posted on our website at www.neoprobe.com. The code of business conduct and ethics may be also obtained free of charge by writing to Neoprobe Corporation, Attn: Chief Financial Officer, 425 Metro Place North, Suite 300, Dublin, Ohio 43017.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In July 2007, David C. Bupp, our President and CEO, and certain members of his family (the Bupp Investors) purchased a $1.0 million convertible note (the Bupp Note) and warrants. The note bore interest at 10% per annum, had an original term of one year and was repayable in whole or in part with no penalty. The note was convertible, at the option of the Bupp Investors, into shares of our common stock at a price of $0.31 per share. As part of this transaction, we issued the Bupp Investors Series V Warrants to purchase 500,000 shares of our Common Stock at an exercise price of $0.31 per share, expiring in July 2012. In connection with the Securities Purchase Agreement by and between the Company and Platinum-Montaur Life Sciences, LLC (Montaur), dated as of December 26, 2007 (the Montaur Purchase Agreement), the term of the $1.0 million Bupp Note was extended to December 31, 2011. In consideration for the Bupp Investors' agreement to extend the term of the Bupp Note pursuant to an Amendment to the Bupp Purchase Agreement, dated December 26, 2007, we agreed to provide security for the obligations evidenced by the Amended 10% Convertible Note in the principal amount of $1,000,000, due December 31, 2011, executed by Neoprobe in favor of the Bupp Investors (the Amended Bupp Note), under the terms of a Security Agreement, dated December 26, 2007, by and between Neoprobe and the Bupp Investors (the Bupp Security Agreement). This security interest was subordinate to the security interest of Montaur. As further consideration for extending the term of the Bupp Note, we issued the Bupp Investors an additional 500,000 Series V warrants to purchase our Common Stock at an exercise price of $0.32 per share, expiring in December 2012. In June 2010, we entered into a Securities Exchange Agreement with the Bupp Investors, pursuant to which the Bupp Investors exchanged the Amended Bupp Note for 1,000 shares of Series C Convertible Preferred Stock (the Series C Preferred Stock), convertible into 3,226,000 shares of Common Stock. The Series C Preferred Stock has a 10% dividend rate, payable quarterly, and participates equally with our Common Stock in liquidation proceeds based upon the number of shares of Common Stock into which the Series C Preferred Stock is then convertible. As a result of this exchange transaction, all security interests in the Company's assets held by the Bupp Investors were extinguished. The largest amount of principal outstanding under the Amended Bupp Note during the fiscal year ended December 31, 2010, was $1 million. We made interest payments due under the Amended Bupp Note totaling $48,611 during the fiscal year ended December 31, 2010, but did not make any payments of principal.

In December 2007, we entered into the Montaur Purchase Agreement, pursuant to which we issued Montaur a 10% Series A Convertible Senior Secured Promissory Note in the principal amount of $7,000,000, due December 26, 2011 (the Series A Note) and a five-year Series W Warrant to purchase 6,000,000 shares of our Common Stock, $.001 an exercise price of $0.32 per share. At the time of issuance, Montaur had the right to convert $3.5 million of the Series A Note into shares of our Common Stock at the conversion price of $0.26 per share. The Montaur Purchase Agreement also provided for two further tranches of financing, a second tranche of $3 million in exchange for a 10% Series B Convertible Senior Secured Promissory Note along with a five-year Series X Warrant to purchase shares of our Common Stock, and a third tranche of $3 million in exchange for 3,000 shares of our 8% Series A Cumulative Convertible Preferred Stock and a five-year Series Y Warrant to purchase shares of our Common Stock. Closings of the second and third tranches were subject to the satisfaction by the Company of certain milestones related to the

progress of the Phase 3 clinical trials of our Lymphoseek radiopharmaceutical product.

In April 2008, following our receipt of clearance from FDA to commence a Phase 3 clinical trial for Lymphoseek in patients with breast cancer or melanoma, we amended the Montaur Purchase Agreement provisions related to the second tranche and issued Montaur a 10% Series B Convertible Senior Secured Promissory Note in the principal amount of $3,000,000, also due December 26, 2011 (the Series B Note, and hereinafter referred to collectively with the Series A Note as the Montaur Notes), and a five-year Series X Warrant to purchase 8,333,333 shares of our Common Stock at an exercise price of $0.46 per share. At the time of issuance, Montaur had the right to convert the Series B Note into shares of our Common Stock at the conversion price of $0.36 per share. Provided we satisfied certain conditions stated therein, we had the right to elect to make payments of interest due under the Montaur Notes in registered shares of our Common Stock. If we chose to make interest payments in shares of Common Stock, the number of shares of Common Stock to be applied against any such interest payment was to be determined by reference to the quotient of (a) the applicable interest payment divided by (b) 90% of the average daily volume weighted average price of our Common Stock on the OTCBB (or national securities exchange, if applicable) as reported by Bloomberg Financial L.P. for the five days upon which our Common Stock was traded on the OTCBB immediately preceding the date of the interest payment.

In December 2008, after we obtained 135 vital blue dye lymph nodes from patients who had completed surgery and the injection of the drug in a Phase 3 clinical trial of Lymphoseek in patients with breast cancer or melanoma, we issued Montaur 3,000 shares of our 8% Series A Cumulative Convertible Preferred Stock (the Preferred Stock) and a five-year Series Y Warrant (hereinafter referred to collectively with the Series W Warrant and Series X Warrant as the Montaur Warrants) to purchase 6,000,000 shares of our common stock, at an exercise price of $0.575 per share, also for an aggregate purchase price of $3,000,000. At the time of issuance, Montaur had the right to convert each share of the Preferred Stock into a number of shares of our Common Stock equal to the quotient of (a) the Liquidation Preference Amount of the shares of Preferred Stock by (b) the Conversion Price. The “Liquidation Preference Amount” for the Preferred Stock was $1,000 and the “Conversion Price” of the Preferred Stock was set at $0.50 on the date of issuance, thereby making the shares of Preferred Stock convertible into an aggregate 6,000,000 shares of our Common Stock, subject to adjustment as described in the Certificate of Designations, Voting Powers, Preferences, Limitations, Restrictions, and Relative Rights of Series A 8% Cumulative Convertible Preferred Stock. We had the right to elect to pay dividends due to Montaur on the shares of Preferred Stock in registered shares of our Common Stock. The number of shares of Common Stock to be applied against any such dividend payment was to be determined by reference to the quotient of (a) the applicable dividend payment by (b) 90% of the average daily volume weighted average price of our Common Stock on the OTCBB (or national securities exchange, if applicable) as reported by Bloomberg Financial L.P. for the five days upon which our Common Stock was traded on the OTCBB immediately preceding the date of the dividend payment.

In July 2009, we entered into a Securities Amendment and Exchange Agreement with Montaur, pursuant to which Montaur agreed to the amendment and restatement of the terms of the Montaur Notes, the Preferred Stock, and the Montaur Warrants. The Series A Note was amended to grant Montaur conversion rights with respect to the $3.5 million portion of the Series A Note that was previously not convertible. The newly convertible portion of the Series A Note was convertible into 3,600,000 shares of our Common Stock at $0.9722 per share. The amendments also eliminated certain price reset features of the Montaur Notes, the Preferred Stock and the Montaur Warrants that had created significant non-cash derivative liabilities on the Company’s balance sheet. In conjunction with this transaction, we issued Montaur a Series AA Warrant to purchase 2.4 million shares of our Common Stock at an exercise price of $0.97 per share, expiring in July 2014. The change in terms of the Montaur Notes, the Preferred Stock and the Montaur Warrants was treated as an extinguishment of debt for accounting purposes. Following the extinguishment, the Company’s balance sheet reflected the face value of the $10 million due to Montaur pursuant to the Montaur Notes. In connection with this transaction, Montaur exercised 2,844,319 Series Y Warrants in exchange for issuance of 2,844,319 shares of our Common Stock, resulting in gross proceeds of $1,635,483 received in July 2009. Montaur also exercised their remaining 3,155,681 Series Y Warrants in exchange for issuance of 3,155,681 shares of our Common Stock, resulting in additional gross proceeds of $1,814,517 received in September 2009.

In June 2010, we entered into a Securities Exchange Agreement with Montaur, pursuant to which Montaur exchanged the Montaur Notes and the Series A Preferred Stock for 10,000 shares of Series B Convertible Preferred Stock (the Series B Preferred Stock), convertible into 32,700,000 shares of common stock. The Series B Preferred Stock is convertible at the option of Montaur, carries no dividend requirements and participates equally with our common stock in liquidation proceeds based upon the number of common shares into which the Series B Preferred Stock is then convertible. As consideration for the exchange, Neoprobe issued additional Series B Preferred Stock which is convertible into 1.3 million shares of common stock. The exchange of the Montaur Notes and the Series A Preferred Stock were treated as extinguishments for accounting purposes. As a result of this exchange transaction, all security interests in the Company's assets held by Montaur were extinguished. In May 2011, Montaur converted 917 shares of the Series B Preferred stock into 2,998,590 shares of our Common Stock. After completion of the conversion, Montaur holds 9,083 shares of the Series B Preferred stock, convertible into 29,701,410 shares of our Common Stock.

The largest amount of principal outstanding under the Montaur Notes during the fiscal year ended December 31, 2010, was $10 million. We made interest payments due under the Montaur Notes totaling $500,000, in cash and Company stock, during the fiscal year ended December 31, 2010, but did not make any payments of principal.

It is our practice and policy to comply with all applicable laws, rules and regulations regarding related-person transactions, including the Sarbanes-Oxley Act of 2002. A related person is an executive officer, director or more than 5% stockholder of Neoprobe, including any immediate family members, and any entity owned or controlled by such persons. The Audit Committee of our Board of Directors is charged with establishing procedures for reviewing and approving related party transactions under the Audit Committee Charter. Our Board of Directors (excluding any interested director) is charged with reviewing and approving all related-person transactions, and a special committee of our Board of Directors is established to negotiate the terms of such transactions, subject to the standards of our written Code of Business Conduct and Ethics. In considering related-person transactions, our Board of Directors takes into account all relevant available facts and circumstances.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and greater than 10% stockholders, to file reports of ownership and changes in ownership of our securities with the Securities and Exchange Commission. Copies of the reports are required by SEC regulation to be furnished to us. Based on our review of these reports and written representations from reporting persons, we believe that all reporting persons complied with all filing requirements during the fiscal year ended December 31, 2010, except for Carl Aschinger, who had one late Form 4 filing related to Company stock that he purchased on the open market in December 2010.

FEES OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Fees. The aggregate fees billed and expected to be billed for professional services rendered by BDO USA, LLP for the audit of the Company's annual consolidated financial statements for the 2010 fiscal year, the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for the 2010 fiscal year, consents related to the Company's registration statements filed during the 2010 fiscal year, and consulting services related to the Company's modification of certain debt and equity instruments during the 2010 fiscal year were $267,171 (including direct engagement expenses). The aggregate fees billed and expected to be billed for professional services rendered by BDO USA, LLP for the audit of the Company's annual consolidated financial statements for the 2009 fiscal year, the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for the 2009 fiscal year, consents related to the Company's registration statements filed during the 2009 fiscal year, and consulting services related to the Company's modification of certain debt and equity instruments during the 2009 fiscal year were $183,400 (including direct engagement expenses).

Audit-Related Fees. No fees were billed by BDO USA, LLP for audit-related services for the 2010 or 2009 fiscal years.

Tax Fees. The aggregate fees billed and expected to be billed for tax-related services rendered by BDO USA, LLP during the 2010 fiscal year were $23,410 (including direct engagement expenses). No fees were billed by BDO USA, LLP for tax-related services for the 2009 fiscal year.

All Other Fees. No fees were billed by BDO USA, LLP for services other than the audit, audit-related and tax services for the 2010 or 2009 fiscal years.

Pre-Approval Policy. The Audit Committee is required to pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor or other registered public accounting firm, subject to the de minimis exceptions for permitted non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 that are approved by the Audit Committee prior to completion of the audit.

COST OF SOLICITATION OF PROXIES

We will pay the cost of this solicitation. We may request persons holding shares in their names for others to forward soliciting materials to their principals to obtain authorization for the execution of proxies, and we will reimburse such persons for their expenses in so doing.

GOVERNANCE MATERIALS AVAILABLE ON OUR WEBSITE

Stockholders may find the following information on the Company's website at www.neoprobe.com.

- Neoprobe's Code of Business Conduct and Ethics
- Management and Board of Director biographies
- Information regarding securities transactions by directors and officers
- Standing Committee Charters for Audit Committee and Compensation and Nominating and Governance Committee

STOCKHOLDER PROPOSALS

A stockholder proposal intended for inclusion in the proxy statement and form of proxy for the Annual Meeting of Stockholders of the Company to be held in 2012 must be received by the Company before [•], at its executive offices, Attention: Brent Larson. Any stockholder proposal submitted outside the processes of Rule 14a-8 under the Securities Exchange Act of 1934 for presentation at our 2012 Annual Meeting will be considered untimely for purposes of Rule 14a-4 and 14a-5 if notice thereof is received by us after [•].

A stockholder who wishes to nominate a candidate for election to the Board of Directors must follow the procedures set forth in Article III, Section 2 of our Bylaws. A copy of these procedures is available upon request from the Company at 425 Metro Place North, Suite 300, Dublin, Ohio 43017-1367, Attention: Brent Larson. In order for a stockholder to nominate a candidate for the Board of Directors election at the 2012 Annual Meeting, notice of the nomination must be delivered to the Company's executive offices, Attention: Brent Larson, before [•].

OTHER BUSINESS

The Board of Directors does not intend to present, and has no knowledge that others will present, any other business at the Annual Meeting. If, however, any other matters are properly brought before the Annual Meeting, it is intended that the persons named in the enclosed proxy will vote the shares represented thereby in accordance with their best judgment.

WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE

The Company files annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy this information at, or obtain copies of this information by mail from, the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The Company's filings with the SEC are also available to the public from commercial document retrieval services and at the website maintained by the SEC at www.sec.gov.

No persons have been authorized to give any information or to make any representations other than those contained in this proxy statement and, if given or made, such information or representations must not be relied upon as having been authorized by us or any other person. This proxy statement is dated [•], 2011. You should not assume that the information contained in this proxy statement is accurate as of any date other than that date, and the mailing of this proxy statement to stockholders shall not create any implication to the contrary.

This proxy statement contains a description of representations and warranties made in the Asset Purchase Agreement. Representations and warranties are also set forth in the Asset Purchase Agreement, which is attached as Appendix A to this proxy. The assertions embodied in those representations and warranties were made solely for purposes of such contract or other documents and solely for the benefit of the parties to such contract or other documents as of specific dates, may be subject to important qualifications and limitations agreed to by the contacting parties (including the Company and Buyer) in connection with negotiating the terms of such contract and documents and may not be complete. Moreover, these representations and warranties may be subject to a contractual standard of materiality that may be different from what may be viewed as material to stockholders, or may have been used for the purposes of allocating contractual risk between the parties to such contract or other document instead of establishing these matters as facts, and may or may not have been accurate as of any specific date and do not purport to be accurate as of the date of this proxy statement. Accordingly, you should not rely upon the descriptions of representations and warranties contained in this proxy statement or the actual representations and warranties contained in the Asset Purchase Agreement and other documents as statements of factual information.

The SEC allows us to incorporate by reference certain information into this proxy statement. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. To the extent permitted, information that we file later with the SEC, prior to the closing of the Asset Sale, will automatically update and supersede the previously filed information and be incorporated by reference into this proxy statement.

We may incorporate by reference any documents that are filed with the SEC between the date of this proxy statement and prior to the date of the Annual Meeting. These include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements (except for information furnished to the SEC that is not deemed to be "filed" for purposes of the Exchange Act). The information incorporated by reference is considered to be a part of this proxy statement, and later information that we file with the SEC will update and supersede that information. We incorporate by reference the documents listed below and any documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement and prior to the date of the Annual Meeting:

- Annual Report on Form 10-K for the year ended December 31, 2010;
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2011;
- Current Report on Form 8-K, dated June 10, 2011;
- Current Report on Form 8-K, dated June 9, 2011;
- Current Report on Form 8-K, dated June 8 2011;
- Current Report on Form 8-K, dated June 6, 2011;
- Current Report on Form 8-K, dated May 27, 2011;
- Current Report on Form 8-K, dated April 18, 2011; and
- Current Report on Form 8-K, dated April 1, 2011.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Annual Meeting, please sign and date the enclosed proxy card and return it promptly in the envelope provided or vote through the Internet or by telephone as described in the enclosed proxy card.

CONFIDENTIAL TREATMENT – Asterisked material has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Appendix A

Explanatory Note: This Asset Purchase Agreement is included as an appendix to the Neoprobe Corporation Proxy Statement filed June 13, 2011, to provide information concerning its terms. Except for its status as the agreement between the parties with respect to the transaction described therein, it is not intended to provide factual information about the parties. The representations and warranties contained in the Asset Purchase Agreement were made only for purposes of such agreement, and as of specific dates, were solely for the benefit of the contracting parties, and may be subject to limitations agreed by the contracting parties, including being qualified by disclosures between them. These representations and warranties were also made for the purpose of allocating contractual risk between the contracting parties instead of establishing them as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Accordingly, they should not be relied upon by investors as statements of factual information.

Asset Purchase Agreement

by and between

Devicor Medical Products, Inc.

and

Neoprobe Corporation

Dated as of May 24, 2011

*Asterisked material has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Table of Contents

Table of Schedules and Exhibits

Schedule	
1.16	Business Employees
1.18	Business Financial Statements
1.72	Permitted Liens
1.75	Products
1.89	Seller’s Knowledge
2.1(j)	Purchased Assets: Neoprobe Marks
2.1(l)	Purchased Assets: Additional Specific Assets
2.2(j)	Excluded Assets: Additional Specific Assets
2.3(b)	Assumed Contracts
2.6(a)	Aggregate Consideration Adjustment: Accounting Principles
2.8	Allocation of Aggregate Purchase Price
2.9	Royalty Payments
6.10	Required Consents
8.4(a)	Wire Instructions

Exhibit	
1.105	Voting Agreement
4.5(b)	Commitment Letters

*Asterisked material has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Asset Purchase Agreement

This Asset Purchase Agreement (this "Agreement") is entered into as of this 24th day of May, 2011, by and between Devicor Medical Products, Inc., a Delaware corporation ("Buyer"), and Neoprobe Corporation, a Delaware corporation ("Seller"). Capitalized terms are defined in Article 1.

RECITALS

WHEREAS, Seller is engaged in the business of distributing, marketing, selling and servicing medical devices, including handheld gamma radiation detection devices used in the diagnosis or identification of cancer in human beings;

WHEREAS, Seller desires to sell, and Buyer desires to purchase, the Purchased Assets, and Seller desires to assign, and Buyer desires to assume from Seller, the Assumed Liabilities, in each case, on the following terms and conditions; and

WHEREAS, concurrently with the execution of this Agreement, Buyer and certain stockholders of Seller are entering into the Voting Agreement pursuant to which such stockholders have agreed, inter alia, to vote in favor of the approval and adoption of this Agreement and the Transition Services Agreement and the transactions contemplated hereby and thereby.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants, representations, warranties, conditions, and agreements hereinafter expressed, and for other good and valuable consideration, the receipt and sufficiency which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

Without limiting the effect of any other terms defined in the text of this Agreement, the following words shall have the meaning given them in this Article 1.

1.1. "Accountant" means Ernst & Young or such other certified public accountant at a national accounting firm that has no material relationship with any of the Parties as the Parties may mutually agree upon.

1.2. "Accounts Payable" means the trade accounts payable of Seller relating to the Business incurred in the Ordinary Course consistent with past practices.

1.3. "Accounts Receivable" means all accounts receivable and other rights to payment from customers of the Business.

1.4. "Acquisition Transaction" has the meaning set forth in Section 6.5.

1.5. "Action" has the meaning set forth in Section 3.8.

1.6. "Affiliate" means with respect to any Person, any other Person which is controlling, controlled by, or under common control with, directly or indirectly through any Person, the Person referred to, and, if the Person referred to is a natural person, any member of such Person's immediate family. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with") as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. For the avoidance of doubt, Platinum-Montaur Life Sciences, LLC shall not be deemed an Affiliate of Seller.

1.7. "Aggregate Consideration" has the meaning set forth in Section 2.5.

1.8. "Agreement" has the meaning set forth in the first paragraph hereof.

1.9. "Annual Royalty Amount" has the meaning set forth in Section 2.9(a).

1.10. "Assets" means all assets, properties and rights of every kind (whether tangible or intangible), including real property and personal property, Contracts and Intellectual Property.

1.11. "Assum