UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2000

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE

EXCHANGE ACT
FOR THE TRANSITION PERIOD FROM _______TO________

COMMISSION FILE NUMBER: 0-26520

NEOPROBE CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	31-1080091
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

425 METRO PLACE NORTH, SUITE 300, DUBLIN, OHIO 43017
(Address of Principal Executive Offices)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 614.793.7500

Indicate by check whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes |X| No___

26,071,777 SHARES OF COMMON STOCK, PAR VALUE $.001 PER SHARE
(Number of shares of issuer's common equity outstanding as of the close of business on July 26, 2000)

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NEOPROBE CORPORATION
BALANCE SHEETS

<TABLE>
<CAPTION>

ASSETS	JUNE 30, 2000	DECEMBER 31, 1999
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 2,706,596	$ 4,882,537
Accounts receivable, net	2,123,382	453,406
Inventory	331,899	1,134,427
Prepaid expenses and other	470,438	674,165

Total current assets	5,632,315	7,144,535
Investment in affiliates	-	1,500,000
Property and equipment	2,317,669	2,167,245
Less accumulated depreciation and amortization	1,413,648	1,264,299
	904,021	902,946
Intangible assets, net	771,215	775,088
Total assets	$ 7,307,551	$10,322,569

</TABLE>

CONTINUED

NEOPROBE CORPORATION
BALANCE SHEETS, CONTINUED

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	JUNE 30, 2000	DECEMBER 31, 1999
<S>	<C>	<C>
Current liabilities:		
Line of credit	$ 100,000	$ 480,000
Notes payable to finance company	22,443	154,626
Capital lease obligations, current	73,872	87,007
Accrued liabilities	884,775	1,365,649
Accounts payable	1,011,243	759,961
Deferred license revenue, current	800,000	800,000
Obligation to preferred stockholder, current	-	2,500,000
Total current liabilities	2,892,333	6,147,243
Capital lease obligations	80,501	68,809
Deferred license revenue	2,600,000	3,000,000
Obligation to preferred stockholder	-	1,245,536
Total liabilities	5,572,834	10,461,588
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred stock; $.001 par value; 5,000,000 shares authorized at June 30, 2000 and December 31,1999; none issued and outstanding (500,000 shares designated as Series A, $.001 par value, at June 30, 2000 and and December 31, 1999; none outstanding)	-	-
Common stock; $.001 par value; 50,000,000 shares authorized; 26,240,777 shares issued and outstanding at June 30, 2000; 23,046,644 shares issued and outstanding at December 31, 1999	26,241	23,047
Additional paid-in capital	120,665,295	119,407,204
Accumulated deficit	(118,956,819)	(119,569,270)

Total stockholders' equity (deficit)	1,734,717	(139,019)
Total liabilities and stockholders' equity (deficit)	$ 7,307,551	$ 10,322,569

</TABLE>

See accompanying notes to the financial statements

NEOPROBE CORPORATION
STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues:				
Net sales	$ 2,511,659	$ 1,914,650	$ 4,117,470	$3,825,621
License revenue	200,000	-	450,000	-
Total revenues	2,711,659	1,914,650	4,567,470	3,825,621
Cost of goods sold	1,444,411	657,270	2,282,025	1,276,923
Gross profit	1,267,248	1,257,380	2,285,445	2,548,698
Operating expenses:				
Research and development	81,309	351,961	375,354	814,296
Marketing and selling	52,094	1,134,620	162,976	2,257,422
General and administrative	568,550	810,999	1,236,892	1,816,225
Losses related to subsidiaries in liquidation	-	388,406	-	475,231
Total operating expenses	701,953	2,685,986	1,775,222	5,363,174
Income (loss) from operations	565,295	(1,428,606)	510,223	(2,814,476)
Other income (expenses):				
Interest income	43,065	21,331	88,426	47,990
Interest expense	(5,911)	(26,419)	(15,967)	(42,945)
Other	36,864	251	29,769	71,241
Total other income (expenses)	74,018	(4,837)	102,228	76,286
Net income (loss)	639,313	(1,433,443)	612,451	(2,738,190)
Conversion discount on preferred stock	-	-	-	1,795,775
Preferred stock dividend requirements	-	37,500	-	56,250
Loss on retirement of preferred stock	-	-	764,668	-

Income (loss) attributable to

common stockholders	$ 639,313	$ (1,470,943)	$ (152,217)	$ (4,590,215)
Income (loss) per common share (basic and diluted)	$ 0.02	$ (0.06)	$ (0.01)	$ (0.20)
Weighted average shares outstanding:				
Basic	25,850,777	22,972,910	25,513,614	22,960,700
Diluted	26,734,898	22,972,910	25,513,614	22,960,700

</TABLE>

See accompanying notes to the financial statements

NEOPROBE CORPORATION
STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

<S>	SIX MONTHS ENDED JUNE 30, 2000 <C>	1999 <C>
Net cash used in operating activities	$(623,461)	$ (3,089,235)
Cash flows from investing activities:		
Proceeds from sales of available-for-sale securities	-	443,729
Maturities of available-for-sale securities	-	4,467
Proceeds from sale of investment in affiliate	1,500,000	-
Purchases of property and equipment	(32,386)	(58,259)
Proceeds from sales of property and equipment	41,120	23,440
Patent costs	(12,253)	(17,767)
Net cash provided by investing activities	1,496,481	395,610
Cash flows from financing activities:		
Proceeds from issuance of preferred stock and warrants, net	-	2,820,739
Settlement of obligation to preferred stockholder	(2,500,000)	-
Proceeds from issuance of common stock, net	15,750	145
Payments under line of credit	(380,000)	-
Payments under notes payable	(132,183)	(160,295)
Payments under capital leases	(52,528)	(49,403)
Net cash (used in) provided by financing activities	(3,048,961)	2,611,186
Effect of exchange rate changes on cash	-	(5,430)
Net decrease in cash and cash equivalents	(2,175,941)	(87,869)
Cash and cash equivalents, beginning of period	4,882,537	1,061,936
Cash and cash equivalents, end of period	$ 2,706,596	$ 974,067

</TABLE>

See accompanying notes to the financial statements

1. BASIS OF PRESENTATION:

The information presented for June 30, 2000 and 1999, and for the periods then ended is unaudited, but includes all adjustments (which consist only of normal recurring adjustments) which the management of Neoprobe Corporation (the "Company") 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 generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The results for the interim period are not necessarily indicative of results to be expected for the year. The financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 1999, which were included as part of the Company's Annual Report on Form 10-K. Certain 1999 amounts have been reclassified to conform with the 2000 presentation.

2. COMPREHENSIVE INCOME (LOSS):

Due to the Company's net operating loss carryforward position, there are no income tax effects on comprehensive income components for any of the periods presented.

Other comprehensive income (loss) consists of the following:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30, 2000	THREE MONTHS ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 1999
<S>	<C>	<C>	<C>	<C>
Net income (loss)	$ 639,313	$ (1,433,443)	$ 612,451	$ (2,738,190)
Other comprehensive income (loss):				
Foreign currency translation adjustment	-	(440)	-	(1,204)
Unrealized gains on securities	-	-	-	(219)
Comprehensive income (loss)	$ 639,313	$ (1,433,883)	$ 612,451	$ (2,739,613)

</TABLE>

3. EARNINGS PER SHARE:

Basic earnings per share is calculated using the weighted average number of common shares outstanding during the periods. Diluted earnings per share is calculated using the weighted average number of common shares outstanding during the periods, adjusted for the effects of convertible securities, options and warrants, if dilutive.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30, 2000 BASIC EARNINGS PER SHARE	THREE MONTHS ENDED JUNE 30, 2000 DILUTED EARNINGS PER SHARE
<S>	<C>	<C>
Outstanding shares	26,240,777	26,240,777
Effect of weighting changes in outstanding shares	(170,000)	(170,000)
Contingently issuable shares	(220,000)	(220,000)
Stock options	-	331,211

Warrants	-	552,910
Adjusted shares	25,850,777	26,734,898

</TABLE>

Due to net loses incurred during the three-month period ended June 30, 1999 and the six-month periods ended June 30, 2000 and June 30, 1999, common equivalent shares are considered anti-dilutive for these periods and are therefore not presented.

The following table summarizes options to purchase common stock of the Company which were outstanding during the second quarter of 2000, but which were not included in the computation of diluted income (loss) per share because their effect was anti-dilutive.

<TABLE>
<CAPTION>

<S>	EXERCISE PRICE <C>	OPTIONS OUTSTANDING <C>
	\$ 1.03 - \$ 2.50	597,669
	\$ 3.00 - \$ 6.00	463,367
	\$13.38 - \$17.44	144,700
		1,205,736

</TABLE>

4. INVENTORY:

The components of inventory are as follows:

<TABLE>
<CAPTION>

<S>	JUNE 30, 2000 <C>	DECEMBER 31, 1999 <C>
Materials and component parts	$ 136,859	$ 104,441
Finished goods	195,040	1,029,986
	$ 331,899	$1,134,427

</TABLE>

5. EQUITY:

A. REDEEMABLE PREFERRED STOCK: During the first quarter of 1999, the Company completed the private placement of 30,000 shares of 5% Series B convertible preferred stock (the "Series B") for gross proceeds of $3 million ($2.8 million, net of certain placement costs), 2.9 million Class L warrants to purchase common stock of the Company at an initial exercise price of $1.03 per share, and issued Unit Purchase Options ("UPOs") entitling the placement agent to purchase approximately 150,000 shares of common stock in the Company.

On November 12, 1999, the Company entered into a binding letter agreement to retire the 30,000 outstanding shares of Series B preferred stock, and to cancel the related 2.9 million Class L warrants, the UPOs and the financial advisory agreement with the Series B placement agent. The letter agreement committed the Series B holders to surrender the Series B shares and Class L warrants and for the placement agent to surrender the UPOs and cancel the financial advisory agreement as well as to grant the Company general releases from potential litigation associated with the transaction. In exchange for the retirement of the Series B preferred shares and surrendering the Class L warrants and UPOs, the Company agreed to pay the Series B holders a total of $2.5 million and issue the Series B holders 3 million shares of common stock and warrants to purchase 3 million shares of common stock with an exercise price of $0.74 per share. However, at December 31, 1999, final definitive agreements had not been signed. Therefore, at December 31, 1999, the Company reclassified its obligations to the Series B holders to reflect the $2.5 million payable in cash as a current liability and the remaining book value of the Series B, including dividends payable, as a long-term liability.

During January 2000, the Company executed a definitive settlement agreement with terms consistent with the letter agreement, paid the Series B holders the $2.5 million, and issued the related stock and warrants. The transaction has been reported in the Company's first quarter 2000 financial statements and was measured based on the market price of the Company's common stock as of the execution of the definitive agreement on January 20, 2000 (i.e., $0.59 per share). As a result, the Company reflected a

loss on the retirement of the preferred shares of $765,000 (approximately $0.03 per share) below net income and in its calculation of loss per share during the first quarter of 2000.

This amount represents the value of the cash given up plus the market value of the stock issued and the estimated market value of the warrants issued as valued on January 20, 2000 less the previously recorded book value of the Series B preferred stock and warrants. In addition, the long-term liability at December 31, 1999 was reclassified during the first quarter of 2000 to additional paid-in capital as a result of the definitive settlement.

B. STOCK OPTIONS: During the first quarter of 2000, the Board of Directors granted options to employees and certain directors of the Company for 690,000 shares of common stock, exercisable at $0.50 per share, vesting over three years. As of June 30, 2000, the Company has 1.7 million options outstanding under two stock option plans. Of the outstanding options, 677,000 options are exercisable as of June 30, 2000, at an average exercise price of $5.07 per share.

C. RESTRICTED STOCK: On March 22, 2000, the Board of Directors granted a total of 170,000 shares of restricted common stock to officers of the Company under the 1996 Stock Incentive Plan. All of the Company's 370,000 outstanding restricted shares vest on a change of control of the Company as defined in the specific grant agreements. As a result, the Company has not recorded any deferred compensation due to the inability to assess the probability of the vesting event.

6. SEGMENTS AND SUBSIDIARIES INFORMATION:

A. SEGMENTS: The Company owns or has rights to intellectual property involving three primary areas of cancer diagnosis and treatment including: hand-held gamma detection instruments currently used primarily in the application of Intraoperative Lymphatic Mapping ("ILM"), diagnostic radiopharmaceutical technology to be used in the Company's proprietary RIGS process, and Activated Cellular Therapy ("ACT"). During 1998, the Company's business plan suspended ongoing research activities related to RIGS and ACT to allow the Company to focus primarily on the hand-held gamma detection instruments while efforts are carried out to find partners or licensing parties to fund future RIGS and ACT research and development. The Company generated $50,000 in revenue during the first quarter of 2000 under an option agreement to license its RIGS technology, but incurred no RIGS-related expenses during that period. The Company did not generate any revenue related to RIGS during the first half of 1999, but did incur $475,000 in overhead and interest expenses during that period related to the RIGS segment. The Company had no revenue or expenses in either the first half of 2000 or 1999 related to its ACT initiative. All other revenue and costs included in the Company's financial statements for the six months ended June 30, 2000 and June 30, 1999 relate primarily to the Company's ILM initiative.

B. SUBSIDIARIES: The Company's suspended RIGS initiative included the operations of the Company's two majority-owned international subsidiaries, Neoprobe Europe and Neoprobe Israel. Neoprobe Europe was acquired in 1993 primarily to perform a portion of the manufacturing process of the monoclonal antibody used in the first RIGS product to be used for colorectal cancer, RIGScan CR49. Neoprobe Israel was founded to radiolabel RIGScan CR49. Neoprobe Europe and Neoprobe Israel also both performed limited research and development activities related to the Company's RIGS process on behalf of the U.S. parent company. Under SFAS No. 131, neither subsidiary is considered a segment. During 1998, the Company initiated steps to liquidate both Neoprobe Europe and Neoprobe Israel as a result of the suspension of RIGS research and development activities. At December 31, 1999, both subsidiaries were deconsolidated due to statutory liquidation or receivership activities then underway.

7. AGREEMENTS:

A. PLEXUS MANUFACTURING AND SUPPLY AGREEMENT: In March 2000, the Company entered into a manufacturing and supply agreement with Plexus for the exclusive manufacture of the Company's 14mm probe and neo2000 control unit. The original term of the agreement expires on December 31, 2003 but may be extended for an additional year given six months notice prior to December 31, 2003. The Company has the right to terminate the agreement upon six months written notice. The agreement

may be terminated by either party in the event of material breach or insolvency, or by the Company in the event of failure to supply. The Company may also have the covered product manufactured by other suppliers in the event of failure to supply or if the Company is able to secure another source of supply with significantly more favorable pricing terms than those offered by Plexus. The agreement calls for the Company to deliver rolling 12-month product forecasts to Plexus and to place purchase orders 60 days prior to requested delivery in accordance with the forecast. In the event the agreement is terminated by Neoprobe or if Plexus ceases to be the exclusive supplier of the covered products, the Company is required to purchase all finished components on hand at Plexus plus raw materials not able to be restocked with suppliers.

B. NURIGS OPTION AGREEMENT: During the first quarter of 2000, the Company entered into an option agreement for the development of its initial RIGS compound, RIGScan CR. The option agreement is with a newly-formed development entity, NuRigs, Ltd. ("NuRigs"). Based in Tel Aviv, Israel, NuRigs has been organized for the express purpose of developing a second-generation humanized RIGScan CR antibody fragment. The Company recognized $50,000 in milestone revenue during the first quarter of 2000 based upon written notification from NuRigs of its intention to proceed with preliminary clinical evaluation of the second-generation RIGScan CR product. The option agreement calls for Neoprobe to receive, with the execution of a definitive agreement, a license fee of $900,000 and a product royalty of approximately 5 percent on NuRigs' commercial sales of the product. The Company and NuRigs expect to begin negotiating a definitive license agreement that may be completed in the fourth quarter of 2000, at the earliest. However, there can be no assurance that a definitive license agreement will be completed, on terms consistent with the option agreement, or at all. Under the terms of the option, NuRigs will assume all clinical and other development costs for RIGScan CR. NuRigs expects to begin clinical evaluation of the second-generation RIGScan CR agent by the end of 2000, at the earliest.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The statements contained in this Management Discussion and Analysis of Financial Condition and Results of Operations and other parts of this Report that are not purely historical or which might be considered an opinion or projection concerning the Company or its business, whether express or implied, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may include statements regarding the Company's expectations, intentions, plans or strategies regarding the future which involve risks and uncertainties. All forward-looking statements included in this document are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward looking statements. It is important to note that the Company's actual results in 2000 and future periods may differ significantly from the prospects discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, limited revenues, continuing net losses, accumulated deficit, future capital needs, uncertainty of capital funding, dependence on exclusive distributor, competition, limited marketing experience, limited manufacturing experience, dependence on principal product line, uncertainty of market acceptance, patents, proprietary technology and trade secrets, government regulation, risk of technological obsolescence, limited third party reimbursement, product liability, need to manage a changing business, possible volatility of stock, anti-takeover provisions, dependence on key personnel, and no dividends.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities. Through June 30, 2000, the Company's activities have resulted in an accumulated deficit of $119 million. Substantially all of the Company's efforts and resources through early 1999 were devoted to research and clinical development of innovative systems for the intraoperative diagnosis and treatment of cancers. To date, the Company's activities have been financed primarily through the public and private sale of equity securities. Prior to 1999, the Company's research and development efforts were principally related to the Company's proprietary RIGS system. Efforts since early 1997 have also included activities related to development of the Company's ACT process and ILM products. Beginning in the first half of 1998, due primarily to feedback received from regulatory authorities in the U.S. and Europe related to the Company's applications for marketing approval for its RIGScan CR49 product, the Company began a series of changes to its business plan. Since that time, the Company has

continued to modify its business plan to one that is primarily focused on the continued development of the Company's ILM business. During 1999, the Company continued the operating expense reduction efforts started in 1998 and has nearly eliminated non-ILM-related research and development activities.

To further support the Company's goal of achieving operating profitability, the Company entered into a multi-year distribution agreement with Ethicon Endo-Surgery, Inc. ("EES"), a subsidiary of Johnson & Johnson, effective October 1, 1999. As a result of entering the agreement, the Company achieved its first quarter of operating profitability during the fourth quarter of 1999. The Company expects to continue to achieve operating profitability on an annual basis for 2000; however, the Company anticipates there may be quarterly variations in profitability, such as occurred in the first quarter of 2000, due to the timing of purchases by EES. There can be no assurances that the Company will achieve the volume of sales anticipated in connection with the agreement, or if achieved, that the margin on such sales will be adequate to achieve operating profitability in the near term, or at all.

During the first quarter of 2000, the Company entered into an option agreement for the development of its initial RIGS compound, RIGScan CR. The option agreement is with a newly-formed development entity, NuRigs, Ltd. ("NuRigs"). Based in Tel Aviv, Israel, NuRigs has been organized for the express purpose of developing a second-generation humanized RIGScan CR antibody fragment. The Company recognized $50,000 in milestone revenue during the first quarter of 2000 based upon written notification from NuRigs of its intention to proceed with preliminary clinical evaluation of the second-generation RIGScan CR product. The option agreement calls for Neoprobe to receive, with the execution of a definitive agreement, a license fee of $900,000 and a product royalty of approximately 5 percent on NuRigs' commercial sales of the product. The Company and NuRigs expect to begin negotiating a definitive license agreement that may be completed in the fourth quarter of 2000, at the earliest. However, there can be no assurance that a definitive license agreement will be completed, on terms consistent with the option agreement, or at all. Under the terms of the option, NuRigs will assume all clinical and other development costs for RIGScan CR. NuRigs expects to begin clinical evaluation of the second-generation RIGScan CR agent by the end of 2000, at the earliest.

Accounts receivable increased significantly at June 30, 2000 from December 31, 1999 due primarily to the timing of sales to EES during the second quarter of 2000 versus the fourth quarter of 1999. Inventory levels declined at June 30, 2000 as compared to December 31, 1999. This is primarily due to the purchase by EES of $630,000 of demonstrator units the Company had repurchased from KOL BioMedical Instruments, Inc. in accordance with the termination of the marketing agreement. The Company expects receivable levels to fluctuate in 2000 depending on the timing of purchases by EES; however, inventory is expected to remain relatively constant or decrease slightly over time as the strategic relationship progresses and the Company manages its production to meet EES's forecasted needs.

At June 30, 2000, the Company's balance sheet does not reflect any obligations of Neoprobe Israel. However, it is possible, in the event the liquidation of Neoprobe Israel resulting from the receivership does not fully satisfy the outstanding obligations of Neoprobe Israel, that the Creditors could seek to pursue claims directly against the Company under a judicial doctrine generally referred to as "piercing the corporate veil." In the event the Creditors were successful in making a claim under this judicial doctrine, the Company may be required to pay the Creditors some or all of the amounts owed by Neoprobe Israel. Payment of such an amount would severely deplete the Company's cash, and the Company might not be able to continue operations without seeking Creditor relief. However, Management believes that the prospect that Creditors would prevail if such claims were brought against the Company is remote. As such, no provision for such a contingent loss has been recorded in the Company's financial statements at June 30, 2000.

Investing Activities. The Company's investing activities during the first half of 2000 involved primarily the sale of its equity interest in XTL Biopharmaceuticals Ltd. ("XTL") for $1.5 million. The Company's investing activities during the first half of 1999 involved primarily the sale of certain available-for-sale securities to fund operations.

Financing Activities. On February 16, 1999, the Company executed a Purchase Agreement (the "Purchase Agreement") to complete the private placement of 30,000 shares of 5% Series B convertible preferred stock (the "Series B") for gross proceeds of $3 million ($2.8 million, net). The Series B were issued with a $100 per share stated value and were convertible into common stock of the Company. In connection with the private placement, the Company also issued 2.9 million Class L warrants to purchase common stock of the Company at an initial

exercise price of $1.03 per share. The Series B paid a 5% annual dividend payable in cash or common stock. The Series B were convertible at variable prices based on the market price of the Company's common stock, subject to a conversion price floor of $0.55. The Class L warrants were also subject to variable exercise prices, subject to an exercise price floor of $0.62. Holders of the Series B had certain liquidation preferences over other shareholders under certain provisions as defined in the Purchase Agreement and had the right to cast the same number of votes as if the owner had converted on the record date. Pursuant to the private placement, the Company entered into a financial advisory agreement with the placement agent providing the agent with Unit Purchase Options ("UPOs") entitling the placement agent to purchase approximately 150,000 shares of common stock in the Company. Under certain conditions, the Company would have been obligated to redeem outstanding shares of Series B for $120 per share (i.e., a total of $3.6 million) such as the delisting of the Company's common stock from the Nasdaq Stock Market as occurred on July 27, 1999 and other conditions outlined in the Purchase Agreement.

The Series B were recorded by the Company during the first quarter of 1999 at the amount of gross proceeds less the costs of the financing and the fair value of the warrants and classified as mezzanine financing above the stockholders' equity section on the Company's interim balance sheets for 1999. The calculated conversion price at February 16, 1999, the first available conversion date, was $1.03 per share. In accordance with the FASB's Emerging Issues Task Force Topic D-60, the difference between the initial conversion price and the closing market price on February 16, 1999 of $1.81 resulted in an implied incremental yield to Series B holders of approximately $1.8 million that is reflected as conversion discount in the Company's loss per share calculation for the first quarter of 1999.

On November 12, 1999, the Company entered into a binding letter agreement to retire the 30,000 outstanding shares of Series B preferred stock, the related 2.9 million Class L warrants and the Unit Purchase Options ("UPOs") and to cancel the financial advisory agreement with the placement agent for the Series B. The letter agreement committed the Series B holders to surrender the Series B shares and Class L warrants and for the placement agent to surrender the UPOs and cancel the financial advisory agreement as well as to grant the Company general releases from potential litigation associated with the transaction. In exchange for the retirement of the Series B preferred shares and surrendering the Class L warrants and UPOs, the Company agreed to pay the Series B holders a total of $2.5 million and issue the Series B holders 3 million shares of common stock and 3 million warrants to purchase common stock with an exercise price of $0.74 per share. However, at December 31, 1999, final definitive agreements had not been signed. Therefore, at December 31, 1999, the Company reclassified its obligations to the Series B holders to reflect the $2.5 million payable in cash as a current liability and the remaining book value of the Series B, including dividends payable, as a long-term liability. In January 2000, the Company executed a definitive settlement agreement with terms consistent with the letter of intent, paid the Series B holders the $2.5 million, and issued the related stock and warrants. The Company reported a loss on the retirement of the preferred shares of $ 765,000 (approximately $0.03 per share) below net income during the first quarter of 2000. This amount represents the value of the cash given up plus the market value of the stock and warrants issued as valued on January 20, 2000 less the previously recorded book value of the Series B preferred stock and warrants.

Operational Outlook. The Company's only approved products are instruments and related products used in gamma guided surgery. The Company does not currently have a RIGS drug or ACT product approved for commercial sale in any major market. The Company entered into a distribution agreement (the "Agreement") with EES effective October 1, 1999, for an initial five-year term with options to extend for two successive two-year terms. Under the Agreement, the Company will manufacture and sell its ILM products (the "Products") exclusively to EES who will distribute the Products globally. EES agreed to purchase minimum quantities of the Company's Products over the first three years of the term of the Agreement and to reimburse the Company for certain research and development costs and a portion of the Company's warranty costs. The Company is obligated to continue certain product maintenance activities and to provide ongoing regulatory support for the Products. As a result of entering the Agreement, the Company expects to achieve operating profitability on an annual basis in the near term. However, there can be no assurances that the Company will achieve the volume of sales anticipated in connection with the Agreement, or if achieved, that the margin on such sales will be adequate to achieve operating profitability on either an interim or annual basis in the near term, or at all.

Under the Agreement, EES received a worldwide paid-up license (the "License") to the Company's ILM intellectual property to make and sell other products that may be developed using the Company's ILM intellectual property. The term of the License is the same as that of the Agreement. EES paid the Company a non-refundable license fee

of $4 million. The Company is recognizing the license fee as revenue ratably over the five-year initial term of the Agreement. If the Agreement is terminated by the Company as a result of a material breach by EES, EES would be required to pay the Company a royalty on all products developed and sold by EES using the Company's ILM intellectual property. In addition, the Company is entitled to a royalty on any ILM product commercialized by EES that does not infringe any of the Company's existing intellectual property.

During 1998, the Company began revising its business plan to focus on its ILM technology and essentially suspended activities related to its RIGS and ACT initiatives pending identification of a developing partner. The Company has entered into an option agreement with NuRigs, Ltd. ("NuRigs"), a Tel Aviv, Israel entity, interested in commercializing a second-generation antibody for use in colorectal cancer surgery. At this time, the Company has not reached definitive agreement with the option party that would ensure the continued development of the RIGS process. In addition, should NuRigs ultimately decide to exercise its license option and reach an agreement satisfactory to the Company, the Company believes that the likely timeframe required for the continued development, regulatory and commercialization of a RIGS product would take a minimum of four to five years before the Company would receive any significant product-related royalties. However, there can be no assurance that the Company will be able to complete definitive license agreements with NuRigs for the RIGS technology, on terms acceptable to the Company, or at all. To date, a partner for ACT has not been identified or secured. Until definitive agreements with development partners are reached and the appropriate regulatory approvals are received, the Company is limited in its ability to generate revenue from RIGS or ACT. The Company therefore intends to continue to focus on further development of the ILM market in conjunction with its distribution partner, EES.

As of June 30, 2000, the Company had cash and cash equivalents of $2.7 million. The Company expects to generate positive cash flow from operations in the near term as a result of the Agreement with EES. However, there can be no assurances that the Company will achieve the volume of sales anticipated in connection with the Agreement, or if achieved that the margin on such sales will be adequate to produce positive operating cash flow. The Company expects to continue to experience cost savings during 2000 as a result of the transfer of marketing responsibilities for the Company's ILM products to EES. In January 2000, the Company sold its investment in XTL for $1.5 million. The Company believes its June 30, 2000 cash balances and sources of future cash flow are adequate for the Company to continue operating for the foreseeable future. However, if the Company does not receive adequate funds from operations, it may need to further modify its business plan and seek other financing alternatives. Such alternatives may include asset dispositions that could force the Company to further change its business plan.

The Company has, from time to time, been approached by entities interested in acquiring some or all of the assets of the Company. The Company has, as appropriate, engaged in discussions with certain of these entities; however, such discussions to this point have been only preliminary in nature and none has resulted in a definitive transaction for further consideration. The Company anticipates that it may continue to be approached by such entities. At such time as a definitive transaction is proposed, if any, it will be considered by management and the Board of Directors, and if necessary, referred to the shareholders of the Company for their consideration. However, there can be no assurances that such a transaction will be proposed, or if proposed, that the terms would be acceptable to the Company or its shareholders.

At December 31, 1999, the Company had federal net operating tax loss carryforwards and tax credit carryforwards of approximately $93.3 million and $4.9 million, respectively, available to offset or reduce future income tax liability, if any, through 2019. However, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, use of prior tax loss and credit carryforwards may be limited after an ownership change. As a result of ownership changes as defined by Sections 382 and 383, which have occurred at various points in the Company's history, management believes utilization of the Company's tax loss carryforwards and tax credit carryforwards may be limited. The Company's international subsidiaries also have net operating tax loss carryforwards in their respective foreign jurisdictions. However, as the Company is in the process of liquidating its interests in both foreign subsidiaries as of June 30, 2000, the Company does not anticipate that the foreign loss carryforwards will ever be utilized.

Impact of Recent Accounting Pronouncements. In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 was originally required to be adopted in years beginning after June 15, 1999; however, SFAS No. 137 deferred the effective date to fiscal quarters of fiscal years beginning after June 15, 2000.

The Company expects to adopt SFAS No. 133 and a second related amendment, SFAS No. 138 effective January 1, 2001. The Statement will require companies to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedge asset, liability or firm commitment through earnings, or recognized in other comprehensive income until the hedge item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company does not anticipate that the adoption of this Statement will have a significant effect on its results of operations or financial position.

On December 31, 1999, the SEC staff issued Staff Accounting Bulletin ("SAB") No. 101, Revenue Recognition in Financial Statements. SAB 101 was also amended by SAB 101A and SAB 101B. SAB 101, SAB 101A and SAB 101B summarize certain of the staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. SAB 101 adds new major Topic 13, "Revenue Recognition" and Topic 13:A, "Views on Selected Revenue Recognition Issues" to the Staff Accounting Bulletin Series. The Company adopted SAB 101 during the second quarter of 2000. The adoption of this SAB had no material impact on the Company's results of operations or financial position.

FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation: an Interpretation of APB Opinion No. 25" ("FIN44"). This interpretation is effective July 1, 2000. However, certain of the conclusions included in the interpretation apply to events occurring after December 15, 1998 or January 12, 2000. The December 15, 1998 effective date applies prospectively after July 1, 2000 to the accounting for certain exercise price modifications made after December 15, 1998 and for the definition of an employee for purposes of determining eligibility to apply APB 25 to accounting for stock option grants to such persons where the grant occurred after December 15, 1998. The January 12, 2000 effective date applies prospectively after July 1, 2000 to certain fixed stock award modifications to add a reload feature after January 12, 2000. The Company does not believe application of FIN44 will have a material adverse effect on the results of operations or financial position of the Company.

RESULTS OF OPERATIONS

Revenue for the first half of 2000 increased $742,000 or 19% to $4.6 million from $3.8 million for the same period in 1999. Research and development expenses during the first half of 2000 were $375,000 or 21% of operating expenses. Marketing and selling expenses were $163,000 or 9% of operating expenses, and general and administrative expenses were $1.2 million or 70% of operating expenses. Overall, operating expenses for the first half of 2000 decreased $3.6 million or 67% over the same period in 1999. The Company anticipates that total operating expenses for the remainder of 2000 will also decrease over 1999 levels. The Company expects research and development and general and administrative expenses to decrease slightly for the second half of 2000 as compared to 1999 levels as a result of cost containment measures implemented during 1999 and research and development reimbursement provided by EES. Marketing expenses, as a percentage of sales, decreased to 4% of sales for the first half of 2000 from 59% of sales for the same period in 1999. The Company expects marketing and selling expenses for the remainder of 2000 to decrease from 1999 levels.

Three months ended June 30, 2000 and 1999

Revenues and Margins. Net product sales increased $597,000 or 31% to $2.5 million during the second quarter of 2000 from $1.9 million during the same period in 1999. Sales during both periods were comprised almost entirely of sales of the Company's hand-held gamma detection instruments. Gross margins decreased to 42% of net sales for the second quarter of 2000 from 66% of net sales for the same period in 1999. The decrease in gross margins is primarily the result of the change in the type of sales made by the Company related to entering the distribution agreement with EES at the end of September 1999. Under the terms of this agreement, the Company's instrument products are sold to EES at a wholesale transfer price. Prior to entering the EES agreement, the Company sold its instrument products directly to end customers at retail prices during second quarter of 1999. The cost to manufacture the Company's products did not change significantly from 1999 to 2000. The effect of the decrease in gross margins on profitability is offset by the decline in marketing expenses discussed below. Revenues in the second quarter of 2000 also included $200,000 from the pro-rata recognition of license fees related to the distribution agreement with EES.

Research and Development Expenses. Research and development expenses decreased $271,000 or 77% to $81,000 during the second quarter of 2000 from $352,000 during the same period in 1999. The decrease is primarily due to the reimbursement of certain research and development expenses associated with the Company's distribution agreement with EES.

Marketing and Selling Expenses. Marketing and selling expenses decreased $1.1 million or 95% to $52,000 during the second quarter of 2000 from $1.1 million during the same period in 1999. Marketing and selling expenses, as a percentage of sales, decreased to 2% of sales for the second quarter of 2000 from 59% of sales for the same period in 1999. These results reflect lower internal marketing headcount and out-of-pocket expense levels during the second quarter of 2000 as compared to the same period in 1999 as well as elimination of marketing partner commissions over the same periods, due to entering the distribution agreement with EES.

General and Administrative Expenses. General and administrative expenses decreased $242,000 or 30% to $569,000 during the second quarter of 2000 from $811,000 during the same period in 1999. The decrease was primarily a result of reductions in overhead costs such as professional services, space costs, taxes and insurance.

Losses Related to Subsidiaries in Liquidation. The Company incurred certain charges during the second quarter of 1999 related to interest and other overhead costs incurred during the wind-down process of subsidiaries in liquidation. No such charges were incurred in the second quarter of 2000.

Other Income. Other income increased $79,000 to $74,000 during the second quarter of 2000 from other expenses of $5,000 during the same period in 1999. Other income during the second quarter of 2000 consisted primarily of interest income and gains on the sale of certain property and equipment. Other expenses during the second quarter of 1999 consisted primarily of interest expense offset by interest income. The Company's interest income increased due to overall average levels of cash and investments during the second quarter of 2000 as compared to the same period in 1999.

Six months ended June 30, 2000 and 1999

Revenues and Margins. Net product sales increased $292,000 or 8% to $4.1 million during the first half of 2000 from $3.8 million during the same period in 1999. Sales during both periods were comprised almost entirely of sales of the Company's hand-held gamma detection instruments. Gross margins decreased to 45% of net sales for the first half of 2000 from 67% of net sales for the same period in 1999. The decrease in gross margins is primarily the result of the change in the type of sales made by the Company related to entering the distribution agreement with EES at the end of September 1999. Under the terms of this agreement, the Company's instrument products are sold to EES at a wholesale transfer price. Prior to entering the EES agreement, the Company sold its instrument products directly to end customers at retail prices during the first half of 1999. The cost to manufacture the Company's products did not change significantly from 1999 to 2000. The effect of the decrease in gross margins on profitability is offset by the decline in marketing expenses discussed below. Revenues in the first half of 2000 also included $400,000 from the pro-rata recognition of license fees related to the distribution agreement with EES and $50,000 from the recognition of milestone fees related to an option agreement to license certain of the Company's RIGS products.

Research and Development Expenses. Research and development expenses decreased $439,000 or 54% to $375,000 during the first half of 2000 from $814,000 during the same period in 1999. The decrease is primarily due to the reimbursement of certain research and development expenses associated with the Company's distribution agreement with EES. First half 2000 research and development expenses included approximately $40,000 in non-recurring severance costs and $150,000 in unreimbursed costs for development of products to be launched in fiscal year 2000.

Marketing and Selling Expenses. Marketing and selling expenses decreased $2.1 million or 93% to $163,000 during the first half of 2000 from $2.3 million during the same period in 1999. Marketing and selling expenses, as a percentage of sales, decreased to 4% of sales for the first half of 2000 from 59% of sales for the same period in 1999. These results reflect lower internal marketing headcount and out-of-pocket expense levels during the first half of 2000 as compared to the same period in 1999 as well as elimination of marketing partner commissions over the same periods, due to entering the distribution agreement with EES. The first half of 2000 also included approximately $40,000 in non-recurring severance charges related to the separation of marketing personnel.

General and Administrative Expenses. General and administrative expenses decreased $579,000 or 32% to $1.2 million during the first half of 2000 from $1.8 million during the same period in 1999. The decrease was primarily a result of reductions in overhead costs such as professional services, space costs, taxes and insurance.

Losses Related to Subsidiaries in Liquidation. The Company incurred certain charges during the first half of 1999 related to interest and other overhead costs incurred during the wind-down process of subsidiaries in liquidation. No such charges were incurred in the first half of 2000.

Other Income. Other income increased $26,000 or 34% to $102,000 during the first half of 2000 from $76,000 during the same period in 1999. Other income during the first half of 2000 consisted primarily of interest income and gains on the sale of certain property and equipment. Other income during the first half of 1999 consisted primarily of gains from settlement of certain liabilities at less than face value. The Company's interest income increased due to overall average levels of cash and investments during the first half of 2000 as compared to the same period in 1999.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not currently use derivative financial instruments, such as interest rate swaps, to manage its exposure to changes in interest rates for its debt instruments or investment securities. As of June 30, 2000 and December 31, 1999, the Company had outstanding debt instruments of $280,000 and $790,000, respectively. Outstanding debt consisted primarily of a variable rate line of credit and fixed rate financing instruments, with average interest rates of 8% at June 30, 2000 and December 31, 1999. At June 30, 2000 and December 31, 1999, the fair market values of the Company's debt instruments approximated their carrying values. A hypothetical 100-basis point change in interest rates would not have a material effect on cash flows, income or market values.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

On February 16, 1999, the Registrant executed a purchase agreement to complete the private placement of 30,000 shares of 5% Series B redeemable convertible preferred stock (the "Series B"). The Series B were issued with a $100 per share stated value and were convertible into common stock of the Registrant at the option of the Series B holders. In connection with the private placement, the Registrant also issued 2.9 million Class L warrants to purchase common stock of the Registrant at an initial exercise price of $1.03 per share and the Registrant entered into a financial advisory agreement with the placement agent providing the agent with Unit Purchase Options ("UPOs") entitling the placement agent to purchase approximately 150,000 shares of common stock in the Registrant.

On January 20, 2000, the Registrant executed a definitive Settlement Agreement with the Series B holders to retire the 30,000 shares of Series B preferred stock issued in February 1999. In addition to retiring the preferred shares, the Series B holders returned the Class L warrants issued in connection with the Series B and the placement agent returned the UPOs. In exchange for the retirement of the Series B preferred shares and surrendering the Class L warrants and UPOs, the Registrant paid the Series B holders $2.5 million and issued to the Series B Holders 3 million shares of common stock of the Registrant and 3 million warrants to purchase common stock of the Registrant with an exercise price of $0.74 per share.

On May 9, 2000, the Registrant filed a Certificate of Elimination with the Secretary of State of the State of Delaware to remove all reference to the Series B from the Registrant's Restated Certificate of Incorporation.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(A) LIST OF EXHIBITS

3. ARTICLES OF INCORPORATION AND BY-LAWS

Exhibit 3.1

Complete Restated Certificate of Incorporation of Neoprobe Corporation, as corrected February 18, 1994 and as amended June 27, 1994, July 25, 1995, June 3, 1996, March 17, 1999 and May 9, 2000 (incorporated by reference to Exhibit 3.1 of the March 31, 2000 Form 10-Q).

Exhibit 3.2

Amended and Restated By-Laws dated July 21, 1993 as amended July 18, 1995 and May 30, 1996 (incorporated by reference to Exhibit 99.4 to the Registrant's Current Report on Form 8-K dated June 20, 1996; Commission File No. 0-26520).

Exhibit 3.3

Certificate of Elimination of Neoprobe Corporation filed on May 9, 2000 with the Secretary of State of Delaware (incorporated by reference to Exhibit 3.3 of the March 31, 2000 Form 10-Q).

4. INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

Exhibit 4.1

See Articles FOUR, FIVE, SIX and SEVEN of the Restated Certificate of Incorporation of the Registrant (see Exhibit 3.1).

Exhibit 4.2

See Articles II and VI and Section 2 of Article III and Section 4 of Article VII of the Amended and Restated By-Laws of the Registrant (see Exhibit 3.2).

Exhibit 4.3

Rights Agreement dated as of July 18, 1995 between the Registrant and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 1 of the registration statement on Form 8-A; Commission File No. 0-26520).

Exhibit 4.4

Amendment Number 1 to the Rights Agreement between the Registrant and Continental Stock Transfer & Trust Company dated February 16, 1999 (incorporated by reference to Exhibit 4.4 of the 1998 Form 10-K/A).

10. MATERIAL CONTRACTS

Exhibit 10.1.39

Settlement Agreement among the Registrant, The Aries Master Fund, The Aries Domestic Fund, L.P., Paramount Capital, Inc. and Paramount Capital Asset Management, Inc. dated January 20, 2000 (incorporated by reference to Exhibit 10.1.39 of the March 31, 2000 Form 10-Q).

Exhibit 10.1.40

Option Agreement between the Registrant and Reico Ltd. dated February 1, 2000 (incorporated by reference to Exhibit 10.1.40 of the March 31, 2000 Form 10-Q).

Exhibit 10.2.53

Non-Qualified Stock option Agreement dated January 4, 2000 between the Registrant and David C. Bupp. This agreement is one of three substantially identical agreements and is accompanied by a schedule identifying the other agreements omitted and setting forth the material details in which such documents differ from the one that is filed herewith (incorporated by reference to Exhibit 10.2.53 of the March 31, 2000 Form 10-Q).

Exhibit 10.2.54

Restricted Stock Agreement dated March 22, 2000 between the Registrant and David C. Bupp. This agreement is one of three substantially identical agreements and is accompanied by a schedule identifying the other agreements omitted and setting forth the material details in which such documents differ from the one that is filed herewith (incorporated by reference to Exhibit 10.2.54 of the March 31, 2000 Form 10-Q).

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Exhibit 10.2.56

Employment Agreement between the Registrant and Carl Bosch dated April 1, 2000 (incorporated by reference to Exhibit 10.2.56 of the March 31, 2000 Form 10-Q).

Exhibit 10.2.57

Employment Agreement between the Registrant and Brent L. Larson dated April 1, 2000 (incorporated by reference to Exhibit 10.2.57 of the March 31, 2000 Form 10-Q).

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Employment Agreement between the Registrant and David C. Bupp dated July 1, 2000.

Page 23 in the manually signed original.

Exhibit 10.3.50

Share Purchase Agreement between the Registrant and Biomedical Investments (1997) Ltd. dated January 19, 2000 (incorporated by reference to Exhibit 10.3.50 of the March 31, 2000 Form 10-Q).

Exhibit 10.4.45

Manufacturing and Supply Agreement between the Registrant and Plexus Corp. dated March 30, 2000 (filed pursuant to Rule 24b-2 under which the Registrant has requested confidential treatment of certain portions of this Exhibit) (incorporated by reference to Exhibit 10.4.45 of the March 31, 2000 Form 10-Q).

11. STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

Exhibit 11.1

Computation of Income (Loss) Per Share.

Page 31 in the manually signed original.

27. FINANCIAL DATA SCHEDULE

Exhibit 27.1

Financial Data Schedule (submitted electronically for SEC information only).

(B) REPORTS ON FORM 8-K.

None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEOPROBE CORPORATION
(the Registrant)
Dated: August 11, 2000

By: /s/ David C. Bupp

David C. Bupp,
President and Chief Executive Officer
(duly authorized officer; principal
executive officer)

By: /s/ Brent L. Larson

Brent Larson
Vice President, Finance and
Chief Financial Officer
(principal financial and
accounting officer)

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

NEOPROBE CORPORATION

FORM 10-Q QUARTERLY REPORT

FOR THE FISCAL QUARTER ENDED:

JUNE 30, 2000

EXHIBITS

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- --

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EXHIBIT 27.1

Financial Data Schedule (submitted electronically for SEC information only).

EXHIBIT 10.2.58

EMPLOYMENT AGREEMENT

This Employment Agreement is made and entered into effective as of July 1, 2000 (the "Effective Date"), by and between NEOPROBE CORPORATION, a Delaware Corporation with a place of business at 425 Metro Place North, Suite 300, Dublin, Ohio 43017-1367 (the "Company") and DAVID C. BUPP of Dublin, Ohio (the "Employee").

WHEREAS, the Company and the Employee entered into an Employment Agreement dated as of January 1, 1996 (the "1996 Employment Agreement"); and

WHEREAS, the Company and the Employee entered into an Employment Agreement dated as of January 1, 1998 (the "1998 Employment Agreement"); and

WHEREAS, the Company and the Employee entered into an Employment Agreement dated as of July 1, 1999 (the "1999 Employment Agreement"); and

WHEREAS, the Company and the Employee wish to establish new terms, covenants, and conditions for the Employee's continued employment with the Company through this agreement ("Employment Agreement").

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, the parties hereto agree as follows:

1. DUTIES. From and after the Effective Date, and based upon the terms and conditions set forth herein, the Company agrees to employ the Employee and the Employee agrees to be employed by the Company, as President and Chief Executive Officer of the Company and in such equivalent, additional or higher executive level position or positions as shall be assigned to him by the Company's Board of Directors. While serving in such executive level position or positions, the Employee shall report to, be responsible to, and shall take direction from the Board of Directors of the Company. The Board of Directors shall not require the Employee to perform any task that is inconsistent with the office of President or the position of Chief Executive Officer. During the Term of this Employment Agreement (as defined in Section 2 below), the Employee agrees to devote substantially all of his working time to the position he holds with the Company and to faithfully, industriously, and to the best of his ability, experience and talent, perform the duties which are assigned to him. The Employee shall observe and abide by the reasonable corporate policies and decisions of the Company in all business matters.

   The Employee represents and warrants to the Company that Exhibit A attached hereto sets forth a true and complete list of (a) all offices, directorships and other positions held by the Employee in corporations and firms other than the Company and its subsidiaries and (b) any investment or ownership interest in any corporation or firm other than the Company beneficially owned by the Employee (excluding investments in life insurance policies, bank deposits, publicly traded securities that are less than five percent (5%) of their class and real estate). The Employee will promptly notify the Board of Directors of the Company of any additional positions undertaken or investments made by the Employee during the Term of this Employment Agreement if they are of a type which, if they had existed on the date hereof, should have been listed on Exhibit A hereto. As long as the Employee's other positions or investments in other firms do not create a conflict of interest, violate the Employee's obligations under Section 7 below or cause the Employee to neglect his duties hereunder, such activities and positions shall not be deemed to be a breach of this Employment Agreement.

2. TERM OF THIS EMPLOYMENT AGREEMENT. Subject to Sections 4 and 5 hereof, the Term of this Employment Agreement shall be for a period of eighteen (18) months, commencing July 1, 2000 and terminating December 31, 2001.

3. COMPENSATION. During the Term of this Employment Agreement, the Company

shall pay, and the Employee agrees to accept as full consideration for the services to be rendered by the Employee hereunder, compensation consisting of the following:

A. SALARY. Beginning on the first day of the Term of this Employment Agreement, the Company shall pay the Employee a salary of Three Hundred Ten Thousand Dollars ($310,000) per year, payable in semi-monthly or monthly installments as requested by the Employee.

B. BONUS. The Compensation Committee of the Board of Directors will, on an annual basis, review the performance of the Company and of the Employee and will pay such bonus as it deems appropriate, in its discretion, to the Employee based upon such review. Such review and bonus shall be consistent with any bonus plan adopted by the Compensation Committee, which covers the executive officers and employees of the Company generally.

C. BENEFITS. During the Term of this Employment Agreement, the Employee will receive such employee benefits as are generally available to all employees of the Company.

D. STOCK OPTIONS. The Compensation Committee of the Board of Directors may, from time-to-time, grant stock options, restricted stock purchase opportunities and such other forms of stock-based incentive compensation as it deems appropriate, in its discretion, to the Employee under the Company's Stock Option and Restricted Stock Purchase Plan and the 1996 Stock Incentive Plan (the "Stock Plans"). The terms of the relevant award agreements shall govern the rights of the Employee and the Company thereunder in the event of any conflict between such agreement and this Employment Agreement.

E. VACATION. The Employee shall be entitled to twenty-five (25) days of vacation during each calendar year during the Term of this Employment Agreement.

F. EXPENSES. The Company shall reimburse the Employee for all reasonable out-of-pocket expenses incurred by him in the performance of his duties hereunder, including expenses for travel, entertainment and similar items, promptly after the presentation by the Employee, from time-to-time, of an itemized account of such expenses.

4. TERMINATION.

A. FOR CAUSE. The Company may terminate the employment of the Employee prior to the end of the Term of this Employment Agreement "for cause." Termination "for cause" shall be defined as a termination by the Company of the employment of the Employee occasioned by the failure by the Employee to cure a willful breach of a material duty imposed on the Employee under this Employment Agreement within 15 days after written notice thereof by the Company or the continuation by the Employee after written notice by the Company of a willful and continued neglect of a duty imposed on the Employee under this Employment Agreement. In the event of termination by the Company "for cause," all salary, benefits and other payments shall cease at the time of termination, and the Company shall have no further obligations to the Employee.

B. RESIGNATION. If the Employee resigns for any reason, all salary, benefits and other payments (except as otherwise provided in paragraph G of this Section 4 below) shall cease at the time such resignation becomes effective. At the time of any such resignation, the Company shall pay the Employee the value of any accrued but unused vacation time, and the amount of all accrued but previously unpaid base salary through the date of such termination. The

Company shall promptly reimburse the Employee for the amount of any expenses incurred prior to such termination by the Employee as required under paragraph F of Section 3 above.

C. DISABILITY, DEATH. The Company may terminate the employment of the Employee prior to the end of the Term of this Employment Agreement if the Employee has been unable to perform his duties hereunder for a continuous period of six (6) months due to a physical or mental condition that, in the opinion of a licensed physician, will be of indefinite duration or is without a reasonable probability of recovery. The Employee agrees to submit to an examination by a licensed physician of his choice in order to obtain such opinion, at the request of the Company, made after the Employee has been absent from his place of employment for at least six (6) months. Such examination shall be paid for by the Company. However, this provision does not abrogate either the Company's or the Employee's rights and obligations pursuant to the Family and Medical Leave Act of 1993, and a termination of employment under this paragraph C shall not be deemed to be a termination for cause.

If during the Term of this Employment Agreement, the Employee dies or his employment is terminated because of his disability, all salary, benefits and other payments shall cease at the time of death or disability, provided, however, that the Company shall provide such health, dental and similar insurance or benefits as were provided to Employee immediately before his termination by reason of death or disability, to Employee or his family for the longer of twelve (12) months after such termination or the full unexpired Term of this Employment Agreement on the same terms and conditions (including cost) as were applicable before such termination. In addition, for the first six (6) months of disability, the Company shall pay to the Employee the difference, if any, between any cash benefits received by the Employee from a Company-sponsored disability insurance policy and the Employee's salary hereunder. At the time of any such termination, the Company shall pay the Employee, the value of any accrued but unused vacation time, and the amount of all accrued but previously unpaid base salary through the date of such termination. The Company shall promptly reimburse the Employee for the amount of any expenses incurred prior to such termination by the Employee as required under paragraph F of Section 3 above.

D. TERMINATION WITHOUT CAUSE. A termination without cause is a termination of the employment of the Employee by the Company that is not "for cause" and not occasioned by the resignation, death or disability of the Employee. If the Company terminates the employment of the Employee without cause, (whether before the end of the Term of this Employment Agreement or, if the Employee is employed by the Company under paragraph E of this Section 4 below, after the Term of this Employment Agreement has ended) the Company shall, at the time of such termination, pay to the Employee the severance payment provided in paragraph F of this Section 4 below together with the value of any accrued but unused vacation time and the amount of all accrued but previously unpaid base salary through the date of such termination and shall provide him with all of his benefits under paragraph C of Section 3 above for the longer of twenty-four (24) months or the full unexpired Term of this Employment Agreement. The Company shall promptly reimburse the Employee for the amount of any expenses incurred prior to such termination by the Employee as required under paragraph F of Section 3 above.

If the Company terminates the employment of the Employee because it has ceased to do business or substantially completed the liquidation of its assets or because it has relocated to another city and the Employee has decided not to relocate also, such termination of employment shall be deemed to be without cause.

E. END OF THE TERM OF THIS EMPLOYMENT AGREEMENT. Except as otherwise provided in paragraphs F and G of this Section 4 below, the Company may terminate the employment of the Employee at the end of the Term of this Employment Agreement without any liability on the part of the Company to the Employee but, if the Employee continues to be an employee of the Company after the Term of this Employment Agreement ends, his employment shall be governed by the terms and conditions of this Agreement, but he shall be an employee at will and his employment may be terminated at any time by either the Company or the Employee without notice and for any reason not prohibited by law or no reason at all. If the Company terminates the employment of the Employee at the end of the Term of this Employment Agreement, the Company shall, at the time of such termination, pay to the Employee the severance payment provided in paragraph F of this Section 4 below together with the value of any accrued but unused vacation time and the amount of all accrued but previously unpaid base salary through the date of such termination. The Company shall promptly reimburse the Employee for the amount of any reasonable expenses incurred prior to such termination by the Employee as required under paragraph F of Section 3 above.

F. SEVERANCE. If the employment of the Employee is terminated by the Company, at the end of the Term of this Employment Agreement or, without cause (whether before the end of the Term of this Employment Agreement or, if the Employee is employed by the Company under paragraph E of this Section 4 above, after the Term of this Employment Agreement has ended), the Employee shall be paid, as a severance payment at the time of such termination, the amount of Three Hundred Eighty Seven Thousand Five Hundred Dollars ($387,500) together with the value of any accrued but unused vacation time. If any such termination occurs at or after the substantial completion of the liquidation of the assets of the Company, the severance payment shall be increased by adding Seventy Seven Thousand Five Hundred Dollars ($77,500) to such amount.

G. CHANGE OF CONTROL SEVERANCE. In addition to the rights of the Employee under the Company's employee benefit plans (paragraphs C of Section 3 above) but in lieu of any severance payment under paragraph F of this Section 4 above, if there is a Change in Control of the Company (as defined below) and the employment of the Employee is concurrently or subsequently terminated (a) by the Company without cause, (b) by the expiration of the Term of this Employment Agreement, or (c) by the resignation of the Employee because he has reasonably determined in good faith that his titles, authorities, responsibilities, salary, bonus opportunities or benefits have been materially diminished, that a material adverse change in his working conditions has occurred, that his services are no longer required in light of the Company's business plan, or the Company has breached this Employment Agreement, the Company shall pay the Employee, as a severance payment, at the time of such termination, the amount of Six Hundred Ninety Seven Thousand Five Hundred Dollars ($697,500) together with the value of any accrued but unused vacation time, and the amount of all accrued but previously unpaid base salary through the date of termination and shall provide him with all of this benefits under paragraph C of Section 3 above for the longer of six (6) months or the full unexpired Term of this Employment Agreement. If any such termination occurs at or after the substantial completion of the liquidation of the assets of the Company, the severance payment shall be increased by adding Seventy Seven Thousand Five Hundred Dollars ($77,500) to such amount. The Company shall promptly reimburse the Employee for the amount of any expenses incurred prior to such termination by the Employee as required under paragraph F of Section 3 above.

For the purpose of this Employment Agreement, a Change in Control of the Company has occurred when: (a) any person (defined for the purposes of this paragraph G to mean any person within the meaning of Section 13 (d) of the Securities Exchange Act of 1934 (the "Exchange Act")), other than Neoprobe or an employee benefit plan created by its Board of Directors for the benefit of its employees, either directly or indirectly, acquires beneficial ownership (determined under Rule 13d-3 of the Regulations promulgated by the Securities and Exchange Commission under Section 13(d) of the Exchange Act) of securities issued by Neoprobe having fifteen percent (15%) or more of the voting power of all the voting securities issued by Neoprobe in the election of Directors at the next meeting of the holders of voting securities to be held for such purpose; (b) a majority of the Directors elected at any meeting of the holders of voting securities of Neoprobe are persons who were not nominated for such election by the Board of Directors or a duly constituted committee of the Board of Directors

having authority in such matters; (c) the stockholders of Neoprobe approve a merger or consolidation of Neoprobe with another person other than a merger or consolidation in which the holders of Neoprobe's voting securities issued and 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 eighty percent (80%) or more of the voting power for all purposes of the surviving or resulting corporation; or (d) the stockholders of Neoprobe approve a transfer of substantially all of the assets of Neoprobe to another person other than a transfer to a transferee, eighty percent (80%) or more of the voting power of which is owned or controlled by Neoprobe or by the holders of Neoprobe's voting securities issued and outstanding immediately before such transfer in the same relative proportions to each other as existed before such event. The parties hereto agree that for the purpose of determining the time when a Change of Control has occurred that if any transaction results from a definite proposal that was made before the end of the Term of this Employment Agreement but which continued until after the end of the Term of this Employment Agreement and such transaction is consummated after the end of the Term of this Employment Agreement, such transaction shall be deemed to have occurred when the definite proposal was made for the purposes of the first sentence of this paragraph G of this Section 4.

H. BENEFIT AND STOCK PLANS. In the event that a benefit plan or Stock Plan which covers the Employee has specific provisions concerning termination of employment, or the death or disability of an employee (e.g., life insurance or disability insurance), then such benefit plan or Stock Plan shall control the disposition of the benefits or stock options.

5. PROPRIETARY INFORMATION AGREEMENT. Employee has executed a Proprietary Information Agreement as a condition of employment with the Company. The Proprietary Information Agreement shall not be limited by this Employment Agreement in any manner, and the Employee shall act in accordance with the provisions of the Proprietary Information Agreement at all times during the Term of this Employment Agreement.

6. NON-COMPETITION. Employee agrees that for so long as he is employed by the Company under this Employment Agreement and for one (1) year thereafter, the Employee will not:

A. enter into the employ of or render any services to any person, firm, or corporation, which is engaged, in any part, in a Competitive Business (as defined below);

B. engage in any Competitive Business for his own account;

C. become associated with or interested in through retention or by employment any Competitive Business as an individual, partner, shareholder, creditor, director, officer, principal, agent, employee, trustee, consultant, advisor, or in any other relationship or capacity; or

D. solicit, interfere with, or endeavor to entice away from the Company, any of its customers, strategic partners, or sources of supply.

Nothing in this Employment Agreement shall preclude Employee from taking employment in the banking or related financial services industries nor from investing his personal assets in the securities or any Competitive Business if such securities are traded on a national stock exchange or in the over-the-counter market and if such investment does not result in his beneficially owning, at any time, more than one percent (1%) of the publicly-traded equity securities of such Competitive Business. "Competitive Business" for purposes of this Employment Agreement shall mean any business or enterprise which:

a. is engaged in the development and/or commercialization of products and/or systems for use in (1) intraoperative detection of cancer and/or (2) Activated Cellular Therapy for cancer, or

b. reasonably understood to be competitive in the relevant market with products and/or systems described in clause a above, or

c. the Company engages in during the Term of this Employment Agreement pursuant to a determination of the Board of Directors and from which the Company derives a material amount of revenue or in which the Company has made a material capital investment.

The covenant set forth in this Section 6 shall terminate immediately upon the substantial completion of the liquidation of assets of the Company or the termination of the employment of the Employee by the Company without cause or at the end of the Term of this Employment Agreement.

7. ARBITRATION. Any dispute or controversy arising under or in connection with this Employment Agreement shall be settled exclusively by arbitration in Columbus, Ohio, in accordance with the non-union employment arbitration rules of the American Arbitration Association ("AAA") then in effect. If specific non-union employment dispute rules are not in effect, then AAA commercial arbitration rules shall govern the dispute. If the amount claimed exceeds $100,000, the arbitration shall be before a panel of three arbitrators. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The Company shall indemnify the Employee against and hold him harmless from any attorney's fees, court costs and other expenses incurred by the Employee in connection with the preparation, commencement, prosecution, defense, or enforcement of any arbitration, award, confirmation or judgment in order to assert or defend any right or obtain any payment under paragraph C of Section 4 above or under this sentence; without regard to the success of the Employee or his attorney in any such arbitration or proceeding.

8. GOVERNING LAW. The Employment Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

9. VALIDITY. The invalidity or unenforceability of any provision or provisions of this Employment Agreement shall not affect the validity or enforceability of any other provision of the Employment Agreement, which shall remain in full force and effect.

10. ENTIRE AGREEMENT.

A. The 1999 Employment Agreement is terminated as of the effective date of this Employment Agreement, except that awards under the Stock Plans granted to the Employee in the 1999 Employment Agreement or in any previous employment agreement or by the Compensation Committee remain in full force and effect, and survive Plansthe termination of the 1999 Employment Agreement and except that the bonus opportunities granted to the Employee in paragraph 3 of the letter agreement dated February 16, 1995 remain in full force and effect, and survive the termination of the 1999 Employment Agreement.

B. This Employment Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions, and preliminary agreements. This Employment Agreement may not be amended except in writing executed by the parties hereto.

11. EFFECT ON SUCCESSORS OF INTEREST. This Employment Agreement shall inure

to the benefit of and be binding upon heirs, administrators, executors, successors and assigns of each of the parties hereto. Notwithstanding the above, the Employee recognizes and agrees that his obligation under this Employment Agreement may not be assigned without the consent of the Company.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Employment Agreement as of the date first written above.

NEOPROBE CORPORATION	EMPLOYEE
By: /s/ Michael P. Moore	/s/ David C. Bupp
Michael P. Moore, Chairman Compensation Committee	David C. Bupp

EXHIBIT A

Non-salaried consultant to NuRigs, Ltd.

Exhibit 11.1

NEOPROBE CORPORATION AND SUBSIDIARIES
COMPUTATION OF INCOME (LOSS) PER SHARE

<TABLE>
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<S>	Three Months Ended June 30, 2000 <C>	Three Months Ended June 30, 1999 <C>	Six Months Ended June 30, 2000 <C>	Six Months Ended June 30, 1999 <C>
Weighted average number of common shares outstanding used in computing basic income (loss) per share	25,850,777	22,972,910	25,513,614	22,960,700
Add net shares issuable pursuant to stock option plans less shares assumed repurchased at the average market price	331,211	--	--	--
Add net shares issuable pursuant to outstanding warrants less shares assumed repurchased at the average market price	552,910	--	--	--
Weighted average number of common shares outstanding used in computing diluted income (loss) per share	26,734,898	22,972,910	25,513,614	22,960,700
Income (loss) attributable to common stockholders	$ 639,313	$ (1,470,943)	$ (152,217)	$ (4,590,215)
Basic income (loss) per share attributable to common stockholders	$ 0.02	$ (0.06)	$ (0.01)	$ (0.20)
Diluted income (loss) per share attributable to common stockholders	$ 0.02	$ (0.06)	$ (0.01)	$ (0.20)

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