Table of Contents

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) December 26, 2007

NEOPROBE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	0-26520	31-1080091
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
425 Metro Place North, Suite 300, Columbus, Ohio		43017
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code (614) 793-7500

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

TABLE OF CONTENTS

Item 1.01. Entry into a Material Definitive Agreement.

On December 26, 2007, Neoprobe Corporation ("Neoprobe") entered into a Securities Purchase Agreement (the "Platinum Purchase Agreement") with Platinum-Montaur Life Sciences, LLC (the "Purchaser"), pursuant to which Neoprobe issued the Purchaser: (1) 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 (2) a five-year warrant to purchase 6,000,000 shares of Neoprobe's common stock, par value $.001 per share ("Common Stock"), at an exercise price of $0.32 per share (the "Series W Warrant"). Additionally, pursuant to the terms of the Platinum Purchase Agreement: (1) upon commencement of the Phase 3 clinical studies of Lymphoseek® (a proprietary radioactive lymphatic mapping targeting agent being developed by Neoprobe for use with hand held gamma detection devices, such as Neoprobe's neo2000® system), Neoprobe will issue the Purchaser a 10% Series B Convertible Senior Secured Promissory Note, due December 26, 2011 (the "Series B Note," and hereinafter referred to collectively with the Series A Note as the "Platinum Notes"), and a five-year warrant to purchase an amount of Common Stock equal to the number of shares into which the Purchaser may convert the Series B Note, at an exercise price of 115% of the conversion price of the Series B Note (the "Series X Warrant"), for an aggregate purchase price of $3,000,000; and (2) upon completion of enrollment of 200 patients in the Phase 3 clinical studies of Lymphoseek, Neoprobe will issue to the Purchaser 3,000 shares of its 8% Series A Cumulative Convertible Preferred Stock (the "Preferred Stock") and a five-year warrant to purchase an amount of Common Stock equal to the number of shares into which the Purchaser may convert the Preferred Stock, at an exercise price of 115% of the conversion price of the Preferred Stock (the "Series Y Warrant," and hereinafter referred to collectively with the Series W Warrant and Series X Warrant as the "Platinum Warrants"), also for an aggregate purchase price of $3,000,000.

The Series A Note bears interest at a rate per annum equal to 10%, and is partially convertible at the option of the Purchaser into Common Stock at a price of $0.26 per share. Upon issuance the Series B Note will also bear interest at a rate per annum equal to 10%, and the Purchaser will have the right to convert the Series B Note into Common Stock at a price equal to the lesser of $0.40 and the closing price of the Common Stock on the issuance date of the Series B Note. Pursuant to the provisions of the Certificate of Designations, Voting Powers, Preferences, Limitations, Restrictions, and Relative Rights of Series A 8% Cumulative Convertible Preferred Stock (the "Certificate of Designations"), the Purchaser may convert all or any portion the shares of Preferred Stock into a number of shares of Common Stock equal to the quotient of: (1) the Liquidation Preference Amount of the shares of Preferred Stock by (2) the Conversion Price then in effect for the Preferred Stock. Per the Certificate of Designations, the "Liquidation Preference Amount" is equal to $1,000 per share of Preffered Stock, and the "Conversion Price" is equal to the lesser of $0.50 and the closing price of the Common Stock on the issuance date of the Preferred Stock, subject to adjustment as described in the Certificate of Designations.

Pursuant to the terms of a Registration Rights Agreement, dated December 26, 2007, between Neoprobe and the Purchaser (the "Rights Agreement"), Neoprobe has agreed to file a registration statement with the Securities and Exchange Commission registering the shares of Common Stock underlying the Notes, the Preferred Stock and the Warrants, no later than 35 days following the closing. Additionally, in connection with the Purchase Agreement, Neoprobe entered into: (1) a Security Agreement, dated December 26, 2007, between Neoprobe and the Purchaser (the "Platinum Security Agreement"); and (2) a Patent, Trademark, and Copyright Security Agreement, dated December 26, 2007, by and among Neoprobe, Cardiosonix Ltd., Cira Biosciences Inc. and the Purchaser (the "IP Security Agreement"), pursuant to which Neoprobe has granted the Purchaser a security interest in all of the property and assets of Neoprobe and Neoprobe's subsidiaries to secure Neoprobe's obligations under the Platinum Notes and all other transaction agreements. The Security Agreement and IP Security Agreement contain covenants, remedies and other provisions as are customary for agreements of such type.

The foregoing description of the terms of the Purchase Agreement, the Platinum Notes, the Platinum Warrants, the Certificate of Designations, the Rights Agreement, the Platinum Security Agreement, and the IP Security Agreement (collectively, the "Purchase Transaction Documents"), is qualified in its entirety by reference to the full text of each of the Purchase Transaction Documents, copies of which are attached hereto, and each of which is incorporated herein in its entirety by reference.

Pursuant to the terms of a 10% Convertible Note Purchase Agreement, dated July 3, 2007, between the Company and David C. Bupp, the Company's President and Chief Executive Officer, Cynthia B. Gochoco and Walter H. Bupp (the "Bupp Purchase Agreement"), the Company issued to Messrs. Bupp and Ms. Gochoco, as joint tenants with right of survivorship (the "Bupp Investors"), a 10% Convertible Note in the principal amount of $1,000,000, due July 8, 2008 (the "Bupp Note"). In connection with the Platinum Purchase Agreement, the Purchaser requested that the term of the Bupp Note be extended until at least one day following the maturity date of the Platinum Notes. 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 (the "Amendment to Bupp Purchase Agreement"), Neoprobe agreed to: (1) 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 the Company in favor of the Bupp Investors (the "Amended Bupp Note"), pursuant to the terms of a Security Agreement, dated December 26, 2007, by and between Neoprobe and the Bupp Investors (the "Bupp Security Agreement"); and (2) issue to the Bupp Investors a warrant to purchase 500,000 shares of Common Stock, at an exercise price of $0.32 per share (the "Series V Warrant").

The foregoing description of the terms of the Amendment to Bupp Purchase Agreement, the Amended Bupp Note, the Series V Warrant, and the Bupp Security Agreement (collectively, the "Bupp Transaction Documents"), is qualified in its entirety by reference to the full text of each of the Bupp Transaction Documents, copies of which are attached hereto, and each of which is incorporated herein in its entirety by reference.

Item 1.02. Termination of a Material Definitive Agreement.

Neoprobe applied $5,725,000 from the proceeds of its issuance of the Series A Note and Series W Warrant described in Item 1.01 above to the complete and total satisfaction of its outstanding obligations under the Replacement Series A Convertible Promissory Notes issued by Neoprobe to Biomedical Value Fund, L.P. ("BVF"), Biomedical Offshore Value Fund, Ltd. ("BOVF") and David C. Bupp, Neoprobe's President and Chief Executive Officer, as of November 30, 2006, pursuant to the Securities Purchase Agreement, dated as of December 13, 2004, by and among Neoprobe, BVF, BOVF and Mr. Bupp, as amended by the Amendment dated as of November 30, 2006 (the "Amended GPP Purchase Agreement"). BVF and BOVF are funds managed by Great Point Partners, LLC. Neoprobe applied an additional $675,000 from the proceeds of its issuance of the Series A Note and Series W Warrant to the redemption of Replacement Series T Warrants to purchase an aggregate 10,000,000 shares of Common Stock at an exercise price of $0.46 per share, issued to BVF and BOVF pursuant to the Amended GPP Purchase Agreement. In connection with the consummation of the Platinum Purchase Agreement and amendment of the Bupp Purchase Agreement, Mr. Bupp agreed to the cancellation of a Replacement Series T Warrant to purchase 125,000 shares of Common Stock at an exercise price of $0.46 per share, issued to Mr. Bupp pursuant to the Amended GPP Purchase Agreement.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The contents of Item 1.01 are incorporated by reference into this item.

Item 3.02. Unregistered Sale of Equity Securities.

The contents of Item 1.01 are incorporated by reference into this item. The securities issued pursuant to the Platinum Purchase Agreement and Amendment to Bupp Purchase Agreement were offered and sold to the investors in private transactions made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder. The investors are accredited investors as defined in Rule 501(a) of Regulation D and were fully informed regarding the investments. In addition, neither Neoprobe nor anyone acting on its behalf offered or sold these securities by any form of general solicitation or general advertising.

Item 8.01. Other Events.

On December 27, 2007, the Company issued a press release announcing that it had entered into the Purchase Transaction Documents for the $13 million financing with the Purchaser. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Statements contained or incorporated by reference in this Current Report on Form 8-K which relate to other than strictly historical facts, such as statements about the Company's plans and strategies, expectations for future financial performance, new and existing products and technologies, and markets for the Company's products, are forward-looking statements. The words "believe," "expect," "anticipate," "estimate," "project," and similar expressions identify forward-looking statements that speak only as of the date hereof. Investors are cautioned that such statements involve risks and uncertainties that could cause actual results to differ materially from historical or anticipated results due to many factors including, but not limited to, the Company's continuing operating losses, uncertainty of market acceptance, reliance on third party manufacturers, accumulated deficit, future capital needs, uncertainty of capital funding, dependence on limited product line and distribution channels, competition, limited marketing and manufacturing experience, and other risks detailed in the Company's most recent Annual Report on Form 10-KSB and other Securities and Exchange Commission filings. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	*Exhibit Description*
4.1	Neoprobe Corporation Certificate of Designations, Voting Powers, Preferences, Limitations, Restrictions, and Relative Rights of Series A 8% Cumulative Convertible Preferred Stock.
10.1	Securities Purchase Agreement, dated as of December 26, 2007, by and between Neoprobe Corporation and Platinum-Montaur Life Sciences, LLC.
10.2	Neoprobe Corporation 10% Series A Convertible Senior Secured Promissory Note in the principal amount of $7,000,000, due December 26, 2011.
10.3	Form of Neoprobe Corporation 10% Series B Convertible Senior Secured Promissory Note in the principal amount of $3,000,000, due December 26, 2011.
10.4	Series W Warrant to Purchase Shares of Common Stock of Neoprobe Corporation.
10.5	Form of Series X Warrant to Purchase Shares of Common Stock of Neoprobe Corporation.
10.6	Form of Series Y Warrant to Purchase Shares of Common Stock of Neoprobe Corporation.
10.7	Registration Rights Agreement, dated December 26, 2007, between Neoprobe Corporation and Platinum-Montaur Life Sciences, LLC.
10.8	Security Agreement, dated December 26, 2007, between Neoprobe Corporation and Platinum-Montaur Life Sciences, LLC.
10.9	Patent, Trademark, and Copyright Security Agreement, dated December 26, 2007, by and among Neoprobe Corporation, Cardiosonix Ltd., Cira Biosciences Inc. and Platinum-Montaur Life Sciences, LLC.
10.10	Amendment to Convertible Note Purchase Agreement, dated December 26, 2007, between Neoprobe Corporation and David C. Bupp, Cynthia B. Gochoco, and Walter H. Bupp, as joint tenants with right of survivorship.
10.11	Neoprobe Corporation Amended 10% Convertible Note in the principal amount of $1,000,000, due December 31, 2011.
10.12	Security Agreement, dated December 26, 2007, by and between Neoprobe Corporation and David C. Bupp, Cynthia B. Gochoco, and Walter H. Bupp, as joint tenants with right of survivorship.
10.13	Series V Warrant to Purchase Common Stock of Neoprobe Corporation.
99.1	Neoprobe Corporation press release dated December 27, 2007, entitled “Neoprobe Obtains $13 Million in Funding”.

SIGNATURES

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

Neoprobe Corporation

Date: January 2, 2008

By: /s/ Brent L. Larson
Brent L. Larson, Vice President, Finance and
Chief Financial Officer

Exhibit 4.1

NEOPROBE CORPORATION

CERTIFICATE OF DESIGNATIONS, VOTING POWERS, PREFERENCES, LIMITATIONS, RESTRICTIONS, AND RELATIVE RIGHTS OF SERIES A 8% CUMULATIVE CONVERTIBLE PREFERRED STOCK

It is hereby certified that:

I. The name of the corporation is Neoprobe Corp. (the "Corporation"), a Delaware corporation.

II. Set forth hereinafter is a statement of the voting powers, preferences, limitations, restrictions, and relative rights of shares of Series A 8% Cumulative Convertible Preferred Stock hereinafter designated as contained in a resolution of the Board of Directors of the Corporation pursuant to a provision of the Certificate of Incorporation of the Corporation permitting the issuance of said Series A 8% Cumulative Convertible Preferred Stock by resolution of the Board of Directors:

1. Designation and Rank.

(a) Designation. The designation of such series of the Preferred Stock shall be the Series A Convertible Preferred Stock, par value $.001 per share (the "Series A Preferred Stock"). The maximum number of shares of Series A Preferred Stock shall be Three Thousand (3,000) Shares.

(b) Rank. The Series A Preferred Stock shall rank prior to the common stock, par value $.001 per share (the "Common Stock"), and to all other classes and series of equity securities of the Company which by their terms do not rank on a parity with or senior to the Series A Preferred Stock ("Junior Stock"). The Series A Preferred Stock shall be subordinate to and rank junior to all indebtedness of the Company now or hereafter outstanding.

2. Dividends.

(a) Quarterly Dividends. The holders of shares of the Series A Preferred Stock shall be entitled to receive, out of funds legally available therefor, dividends at an annual rate equal to 8% of the Liquidation Preference Amount, whether or not declared. Accrued and unpaid dividends shall compound on a quarterly basis, and shall be, except as set forth in Section 2(b) below, payable in cash. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of such dividends, which record date shall not be more than sixty (60) days prior to the applicable dividend payment date. The first such dividend payment shall be due and payable on March 31, 2008, with subsequent payments due and payable on June 30, September 30, December 31 and March 31 of each year. All accrued and unpaid dividends, if any, shall be mandatorily paid immediately prior to the earlier to occur of (i) a liquidation, dissolution or winding up (or deemed liquidation, dissolution or winding up under Section 4(b) hereof) of the Company (a "Liquidation") or (ii) a Voluntary Conversion pursuant to Section 5 hereof (the "Mandatory Dividend Payment Date").

(b) Payment of Dividends. At the option of the Company in compliance with this Section 2(b), the Company may pay dividends on the Series A Preferred Stock in registered shares of Common Stock, with each share of Common Stock being valued for this purpose at the average VWAP for the five (5) trading days immediately preceding the date on which such dividend is due and payable. Notwithstanding the above, no dividend shall be paid in Common Stock (i) in connection with a

Liquidation, (ii) if such payment would cause the 4.99% or 9.99% limitations on beneficial ownership set forth in Section 7 hereof to be exceeded, (iii) unless the shares of Common Stock received upon such payment shall be freely salable by the recipient pursuant to a then effective Registration Statement meeting the requirements of the Registration Rights Agreement, dated on or about the date hereof, by and between the Company and the investors named therein or (vi) if a default or an Event of Default has occurred and is continuing under the Purchase Agreement (as defined below) or under the Notes issued pursuant to the Purchase Agreement, or the Company has failed to comply with any provision of this Certificate of Designations in any material respect. Any shares of Common Stock delivered as a payment of dividends pursuant to this Section 2(b) shall be delivered to the holders via DWAC (as defined below) no later than the relevant dividend payment date. "VWAP" means, for any date, (i) the daily volume weighted average price of the Common Stock for such date on the OTC Bulletin Board (or national securities exchange, if applicable) as reported by Bloomberg Financial L.P. (based on a trading day from 9:30 a.m. Eastern Time to 4:02 p.m. Eastern Time); (ii) if the Common Stock is not then listed or quoted on the OTC Bulletin Board (or national securities exchange, if applicable) and if prices for the Common Stock are then reported in the "Pink Sheets" published by the Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (iii) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holder and reasonably acceptable to the Company.

(c) Junior Stock Dividends. The Company shall not declare or pay any cash dividends on, or make any other distributions with respect to or redeem, purchase or otherwise acquire for consideration, any shares of Junior Stock unless and until all accrued and unpaid dividends on the Series A Preferred Stock have been paid in full. In all events, Junior Stock dividends shall be subject to the restrictions set forth in Section 3(a) below.

3. Voting Rights.

(a) Class Voting Rights. The Series A Preferred Stock shall have the following class voting rights (in addition to the voting rights set forth in Section 3(b) hereof). So long as at least 25% of the shares of the Series A Preferred Stock issued pursuant to the Purchase Agreement remain outstanding, the Company shall not, and shall not permit any subsidiary to, without the affirmative vote or consent of the holders of at least a majority of the shares of the Series A Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting, in which the holders of the Series A Preferred Stock vote separately as a class: (i) authorize, create, issue or increase the authorized or issued amount of any class or series of stock, including but not limited to the issuance of any more shares of previously authorized Preferred Stock, ranking on a parity with or prior to the Series A Preferred Stock, with respect to the distribution of assets on liquidation, dissolution or winding up; (ii) amend, alter or repeal the terms of the Series A Preferred Stock, whether by merger, consolidation or otherwise, so as to adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock; (iii) repurchase, redeem or pay dividends on (whether in cash, in kind, or otherwise), shares of the Company's Junior Stock; (iv) amend the Certificate of Incorporation or By-Laws of the Company so as to affect materially and adversely any right, preference, privilege or voting power of the Series A Preferred Stock; (v) effect any distribution with respect to Junior Stock or parity stock; or (vi) reclassify the Company's outstanding securities.

(b) General Voting Rights. Except as otherwise set forth herein and except as otherwise required by Delaware law, the Series A Preferred Stock shall have no voting rights. The Common Stock into which the Series A Preferred Stock is convertible shall, upon issuance, have all of the same voting rights as other issued and outstanding Common Stock of the Company.

4. Liquidation Preference.

(a) In the event of the liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, the holders of shares of the Series A Preferred Stock then outstanding shall be entitled to receive, out of the assets of the Company, whether such assets are capital or surplus of any nature, an amount equal to One Thousand Dollars ($1,000.00) per share (the "Liquidation Preference Amount") of the Series A Preferred Stock, before any payment shall be made or any assets distributed to the holders of the Common Stock or any other Junior Stock. The liquidation payment with respect to each outstanding fractional share of Series A Preferred Stock shall be equal to a ratably proportionate amount of the liquidation payment with respect to each outstanding share of Series A Preferred Stock. All payments for which this Section 4(a) provides shall be in cash, property (valued at its fair market value as determined by an independent appraiser reasonably acceptable to the holders of a majority of the Series A Preferred Stock) or a combination thereof; provided, however, that no cash shall be paid to holders of Junior Stock unless each holder of the outstanding shares of Series A Preferred Stock has been paid in cash the full Liquidation Preference Amount to which such holder is entitled as provided herein. After payment of the full Liquidation Preference Amount to which each holder is entitled, such holders of shares of Series A Preferred Stock will not be entitled to any further participation as such in any distribution of the assets of the Company.

(b) A consolidation or merger of the Company with or into any other corporation or corporations, or a sale of all or substantially all of the assets of the Company, or the effectuation by the Company of a transaction or series of transactions in which more than 50% of the voting shares of the Company is disposed of or conveyed, shall be, at the election of the holders of a majority of the Series A Preferred Stock, deemed to be a liquidation, dissolution, or winding up within the meaning of this Section 4. In the event of the merger or consolidation of the Company with or into another corporation that is not treated as a liquidation pursuant to this Section 4(b), the Series A Preferred Stock shall maintain its relative powers, designations and preferences provided for herein and no merger shall result inconsistent therewith.

(c) Written notice of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, stating a payment date and the place where the distributable amounts shall be payable, shall be given by mail, postage prepaid, no less than forty-five (45) days prior to the payment date stated therein, to the holders of record of the Series A Preferred Stock at their respective addresses as the same shall appear on the books of the Company.

5. Conversion. The holder of Series A Preferred Stock shall have the following conversion rights (the "Conversion Rights"):

(a) Right to Convert. At any time on or after the date of issuance of the Series A Preferred Stock (the "Issuance Date"), the holder of any such shares of Series A Preferred Stock may, at such holder's option, subject to the limitations set forth in Section 7 herein, elect to convert (a "Voluntary Conversion") all or any portion of the shares of Series A Preferred Stock held by such person into a number of fully paid and nonassessable shares of Common Stock equal to the quotient of (i) the Liquidation Preference Amount of the shares of Series A Preferred Stock being converted thereon divided by (ii) the Conversion Price (as defined in Section 5(d) below) then in effect as of the date of the delivery by such holder of its notice of election to convert. The Company shall keep written records of the conversion of the shares of Series A Preferred Stock converted by each holder. A holder shall be required to deliver the original certificates representing the shares of Series A Preferred Stock upon complete conversion of the Series A Preferred Stock.

(b) Mechanics of Voluntary Conversion. The Voluntary Conversion of Series A Preferred Stock shall be conducted in the following manner:

(i) *Holder's Delivery Requirements*. To convert Series A Preferred Stock into full shares of Common Stock on any date (the "Voluntary Conversion Date"), the holder thereof shall (A) transmit by facsimile (or otherwise deliver), for receipt on or prior to 5:00 p.m., Eastern Time on such date, a copy of a fully executed notice of conversion in the form attached hereto as Exhibit I (the "Conversion Notice"), to the Company, and (B) with respect to the final conversion of shares of Series A Preferred Stock held by any holder, such holder shall surrender to a common carrier for delivery to the Company as soon as practicable following such Conversion Date but in no event later than six (6) business days after such date the original certificates representing the shares of Series A Preferred Stock being converted (or an indemnification undertaking with respect to such shares in the case of their loss, theft or destruction) (the "Preferred Stock Certificates").

(ii) *Company's Response*. Not later than three (3) trading days after any Voluntary Conversion Date, the Company or its designated transfer agent, as applicable, shall issue and deliver to the Depository Trust Company ("DTC") account on the holder's behalf via the Deposit Withdrawal Agent Commission System ("DWAC") as specified in the Conversion Notice, the number of shares of Common Stock to which the holder shall be entitled upon such conversion, registered in the name of the holder or its designee. In the alternative, not later than three (3) trading days after any Voluntary Conversion Date, the Company shall deliver to the applicable holder by express courier a certificate or certificates which shall be free of restrictive legends and trading restrictions (other than those required pursuant to the Purchase Agreement) representing the number of shares of Common Stock being acquired upon the conversion of this Note (the "Delivery Date"). Notwithstanding the foregoing to the contrary, the Company or its designated transfer agent (the "Transfer Agent"), shall only be obligated to issue and deliver the shares to the DTC on the holder's behalf via DWAC (or certificates free of restrictive legends) if such conversion is in connection with a sale by the holder and the holder has complied with the applicable prospectus delivery requirements or an exemption from such registration requirements (each as evidenced by documentation furnished to and reasonably satisfactory to the Company). If in the case of any Conversion Notice such certificate or certificates are not delivered to or as directed by the applicable holder by the Delivery Date, the holder shall be entitled by written notice to the Company at any time on or before its receipt of such certificate or certificates thereafter, to rescind such conversion, in which event the Company shall immediately return any Preferred Stock Certificates tendered for conversion, whereupon the Company and the holder shall each be restored to their respective positions immediately prior to the delivery of such Conversion Notice, except that any amounts described in Sections 5(b)(v) shall be payable through the date notice of rescission is given to the Company.

(iii) *Dispute Resolution.* In the case of a dispute as to the arithmetic calculation of the number of shares of Common Stock to be issued upon conversion, the Company shall promptly issue to the holder the number of shares of Common Stock that is not disputed and shall submit the arithmetic calculations to the holder via facsimile as soon as possible, but in no event later than two (2) business days after receipt of such holder's Conversion Notice. If such holder and the Company are unable to agree upon the arithmetic calculation of the number of shares of Common Stock to be issued upon such conversion within one (1) business day of such disputed arithmetic calculation being submitted to the holder, then the Company shall within one (1) business day submit via facsimile the disputed arithmetic calculation of the number of shares of Common Stock to be issued upon such conversion to the Company's independent, outside accountant. The Company shall cause the accountant to perform the calculations and notify the Company and the holder of the results no later than seventy-two (72) hours from the time it receives the disputed calculations.

Such accountant's calculation shall be binding upon all parties absent manifest error. The reasonable expenses of such accountant in making such determination shall be paid by the Company, in the event the holder's calculation was correct, or by the holder, in the event the Company's calculation was correct, or equally by the Company and the holder in the event that neither the Company's or the holder's calculation was correct. The period of time in which the Company is required to effect conversions or redemptions under this Certificate of Designation shall be tolled with respect to the subject conversion or redemption pending resolution of any dispute by the Company made in good faith and in accordance with this Section 5(b)(iii).

(iv) *Record Holder*. The person or persons entitled to receive the shares of Common Stock issuable upon a conversion of the Series A Preferred Stock shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(v) *Company's Failure to Timely Convert*. If within five (5) business days of the Company's receipt of the Conversion Notice (the "Share Delivery Period") the Company shall fail to issue and deliver to a holder the number of shares of Common Stock to which such holder is entitled upon such holder's conversion of the Series A Preferred Stock, or failure to deliver unlegended certificates representing such shares or shares via DWAC if required pursuant to Section 5(b)(ii) hereof (a "Conversion Failure"), in addition to all other available remedies which such holder may pursue hereunder and under the Securities Purchase Agreement among the Company and the purchasers listed therein (the "Purchase Agreement") between the Company and the initial holders of the Series A Preferred Stock, the Company shall pay additional damages to such holder on each business day after such third (3rd) business day that such conversion is not timely effected in an amount equal 0.5% of the product of (A) the sum of the number of shares of Common Stock not so issued to the holder on a timely basis pursuant to Section 5(b)(ii) and to which such holder is entitled and (B) the Closing Price (as defined in Section 5(d)(ii) hereof) of the Common Stock on the last possible date which the Company could have issued such Common Stock to such holder without violating Section 5(b)(ii). If the Company fails to pay the additional damages set forth in this Section 5(b)(v) within five (5) business days of the date incurred, then such payment shall bear interest at the rate of 2% per month (pro rated for partial months) until such payments are made.

(c) [Reserved]

(d) Conversion Price.

(i) The term "Conversion Price" shall mean the Closing Price on the Issuance Date (but in no event greater than $0.50 per share), subject to adjustment under Section 5(e) hereof. Notwithstanding any adjustment hereunder, at no time shall the Conversion Price be greater than the Conversion Price on the Issuance Date other than pursuant to the second sentence of Section 5(e)(i) in connection with a reverse stock split effected by the Company.

(ii) The term "Closing Price" shall mean (i) the last trading price per share of the Common Stock on such date on the OTC Bulletin Board or a registered national stock exchange on which the Common Stock is then listed, or if there is no such price on such date, then the last trading price on such exchange or quotation system on the date nearest preceding such date, or (ii) if the price of the Common Stock is not then reported by the OTC Bulletin Board or a registered national securities exchange, then the average of the "Pink Sheet" quotes for the relevant date, as reported by the National Quotation Bureau, Inc., or (iii) if the Common Stock is not then publicly traded the fair market value of a share of Common Stock as mutually determined by the Company and the holders of a majority of the outstanding shares of Series A Preferred Stock.

(e) Adjustments of Conversion Price.

(i) *Adjustments for Stock Splits and Combinations*. If the Company shall at any time or from time to time after the Issuance Date, effect a stock split of the outstanding Common Stock, the Conversion Price shall be proportionately decreased. If the Company shall at any time or from time to time after the Issuance Date, combine the outstanding shares of Common Stock, the Conversion Price shall be proportionately increased. Any adjustments under this Section 5(e)(i) shall be effective at the close of business on the date the stock split or combination occurs.

(ii) *Adjustments for Certain Dividends and Distributions*. If the Company shall at any time or from time to time after the Issuance Date, make or issue or set a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in shares of Common Stock, then, and in each event, the Conversion Price shall be decreased as of the time of such issuance or, in the event such record date shall have been fixed, as of the close of business on such record date, by multiplying, as applicable, the Conversion Price then in effect by a fraction:

(A) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date; and

(B) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

(iii) *Adjustment for Other Dividends and Distributions*. If the Company shall at any time or from time to time after the Issuance Date, make or issue or set a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in securities of the Company other than shares of Common Stock, then, and in each event, an appropriate revision to the applicable Conversion Price shall be made and provision shall be made (by adjustments of the Conversion Price or otherwise) so that the holders of Series A Preferred Stock shall receive upon conversions thereof, in addition to the number of shares of Common Stock receivable thereon, the number of securities of the Company which they would have received had their Series A Preferred Stock been converted into Common Stock immediately prior to such event (or the record date for such event, if applicable) (without giving effect to the limitations set forth in Section 7 hereof) and had thereafter, during the period from the date of such event to and including the Conversion Date, retained such securities (together with any distributions payable thereon during such period), giving application to all adjustments called for during such period under this Section 5(e)(iii) with respect to the rights of the holders of the Series A Preferred Stock; *provided, however,* that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions.

(iv) *Adjustments for Reclassification, Exchange or Substitution*. If the Common Stock issuable upon conversion of the Series A Preferred Stock at any time or from time to time after the Issuance Date shall be changed to the same or different number of shares of any class or classes of stock, whether by reclassification, exchange, substitution or otherwise (other than by way of a stock split or combination of shares or stock dividends provided for in Sections 5(e)(i), (ii) and (iii), or a reorganization, merger, consolidation, or sale of assets provided for in Section 5(e)(v)), then, and in each event, an appropriate revision to the Conversion Price shall be made and provisions shall be

made (by adjustments of the Conversion Price or otherwise) so that the holder of each share of Series A Preferred Stock shall have the right thereafter to convert such share of Series A Preferred Stock into the kind and amount of shares of stock and other securities receivable upon reclassification, exchange, substitution or other change, by holders of the number of shares of Common Stock into which such share of Series A Preferred Stock might have been converted immediately prior to such reclassification, exchange, substitution or other change (without giving effect to the limitations set forth in Section 7 hereof), all subject to further adjustment as provided herein.

(v) *Adjustments for Reorganization, Merger, Consolidation or Sales of Assets.* If at any time or from time to time after the Issuance Date there shall be a capital reorganization of the Company (other than by way of a stock split or combination of shares or stock dividends or distributions provided for in Section 5(e)(i), (ii) and (iii), or a reclassification, exchange or substitution of shares provided for in Section 5(e)(iv)), or a merger or consolidation of the Company with or into another corporation, or the sale of all or substantially all of the Company's properties or assets to any other person that is not deemed a liquidation pursuant to Section 4(b) (an "Organic Change"), then as a part of such Organic Change an appropriate revision to the Conversion Price shall be made and provision shall be made (by adjustments of the Conversion Price or otherwise) so that the holder of each share of Series A Preferred Stock shall have the right thereafter to convert such share of Series A Preferred Stock into the kind and amount of shares of stock and other securities or property of the Company or any successor corporation resulting from the Organic Change as the holder would have received as a result of the Organic Change and if the holder had converted its Series A Preferred Stock into the Company's Common Stock prior to the Organic Change (without giving effect to the limitations set forth in Section 7 hereof). In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 5(e)(v) with respect to the rights of the holders of the Series A Preferred Stock after the Organic Change to the end that the provisions of this Section 5(e)(v) (including any adjustment in the Conversion Price then in effect and the number of shares of stock or other securities deliverable upon conversion of the Series A Preferred Stock) shall be applied after that event in as nearly an equivalent manner as may be practicable.

(vi) *Adjustments for Issuance of Additional Shares of Common Stock*. In the event the Company, shall, at any time, from time to time, issue or sell any additional shares of Common Stock (otherwise than as provided in the foregoing subsections (i) through (v) of this Section 5(e) or upon exercise or conversion of Common Stock Equivalents (hereafter defined) granted or issued prior to the Issuance Date at the conversion price applicable to such Common Stock Equivalents in effect on the Issuance Date) (the "Additional Shares of Common Stock"), at a price per share less than the Conversion Price, or without consideration, then the Conversion Price upon each such issuance shall be reduced to a price determined by multiplying the Conversion Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock then outstanding plus the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for the shares so issued (or deemed issued) would purchase at such Conversion Price, and (B) the denominator of which is the total number of shares of Common Stock then outstanding plus the number of shares of Common Stock so issued (or deemed issued). Notwithstanding the foregoing, there shall be no adjustment to the Conversion Price upon any issuance or deemed issuance of Common Stock if the holders of a majority of the outstanding Series A Preferred Stock waive in writing such adjustment.

(vii) *Issuance of Common Stock Equivalents*. If the Company, at any time after the Issuance Date, shall issue any securities convertible into or exchangeable for, directly or indirectly, Common Stock ("Convertible Securities"), other than the Series A Preferred Stock or Notes

issuable pursuant to the Purchase Agreement, or any rights or warrants or options to purchase any such Common Stock or Convertible Securities, other than the Warrants issuable pursuant to the Purchase Agreement, shall be issued or sold (collectively, the "Common Stock Equivalents") and the aggregate of the price per share for which Additional Shares of Common Stock may be issuable thereafter pursuant to such Common Stock Equivalent, plus the consideration received by the Company for issuance of such Common Stock Equivalent, divided by the number of shares of Common Stock issuable pursuant to such Common Stock Equivalent (the "Aggregate Per Common Share Price"), shall be less than the Conversion Price, or if, after any such issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended or adjusted shall make the Aggregate Per Common Share Price be less than Conversion Price in effect at the time of such amendment or such adjustment, then the applicable Conversion Price upon each such issuance or amendment or adjustment shall be adjusted as provided Section 5(e)(vi), with the maximum number of shares of Common Stock issuable upon conversion or exercise of such Common Stock Equivalents being deemed to have be issued or sold by the Company at the time of issuance or sale of such Common Stock Equivalents. For purposes of this Section 5(e)(vii), the "price per share for which Additional Shares of Common Stock is issuable" shall be determined by dividing (X) the total amount received or receivable by the Company as consideration for the issue or sale of such Common Stock Equivalents, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exercise thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exercise of all such Common Stock Equivalents. No adjustment of the number of shares of Common Stock shall be made under Section 5(e)(vi) upon the issuance of any Additional Shares of Common Stock which are issued pursuant to the exercise of any warrants or other subscription or purchase rights or pursuant to the exercise of any conversion or exchange rights in any Common Stock Equivalents, if any such adjustment shall previously have been made upon the issuance of such warrants or other rights or upon the issuance of such Common Stock Equivalents (or upon the issuance of any warrant or other rights therefor) pursuant to this Section 5(e)(vii).

(viii) *Consideration for Stock*. In case any shares of Common Stock or Convertible Securities other than the Series A Preferred Stock, or any rights or warrants or options to purchase any such Common Stock or Convertible Securities, shall be issued or sold in connection with any merger or consolidation in which the Company is the surviving corporation (other than any consolidation or merger in which the previously outstanding shares of Common Stock of the Company shall be changed to or exchanged for the stock or other securities of another corporation), the amount of consideration therefor shall be deemed to be the fair value, as determined reasonably and in good faith by the Board of Directors of the Company, of such portion of the assets and business of the nonsurviving corporation as such Board may determine to be attributable to such shares of Common Stock, Convertible Securities, rights or warrants or options, as the case may be.

(ix) *Record Date*. In case the Company shall take record of the holders of its Common Stock or any other Preferred Stock for the purpose of entitling them to subscribe for or purchase Common Stock or Convertible Securities, then the date of the issue or sale of the shares of Common Stock shall be deemed to be such record date.

(x) *Certain Issues Excepted*. Anything herein to the contrary notwithstanding, the Company shall not be required to make any adjustment of the Conversion Price of shares of Common Stock issuable upon conversion of the Series A Preferred Stock in connection with any of the following: (a) issuances, pursuant to option plans in effect on the date hereof, of options to employees, officers, directors or consultants of the Company approved by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a

committee of non-employee directors established for such purpose, to the extent such issuances (i) are at an exercise price of not less than the Closing Price on the date of grant and (ii) are at a per share exercise price greater than the initial conversion price of the Series A Note issued pursuant to the Purchase Agreement (as adjusted for splits, combinations, and the like occurring after the date of the Purchase Agreement), (b) issuance of the Notes, Preferred Stock or Warrants to the Purchasers pursuant to the terms of the Purchase Agreement; (iii) issuances of securities upon the exercise or exchange of or conversion of any securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the Issuance Date, provided that such securities have not been amended since such date to increase the number of such securities or to decrease the exercise, exchange or conversion price of any such securities (including the Notes, Preferred Stock and Warrants issued to the Purchasers pursuant to the Purchase Agreement); (iv) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors, but not including a transaction with an entity whose primary business is investing in securities or a transaction, the primary purpose of which is to raise capital; or (v) the issuance of shares of Common Stock in payment of interest on the Notes, or as a dividend or distribution on the Series A Preferred Stock.

(f) No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith, assist in the carrying out of all the provisions of this Section 5 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

(g) Certificates as to Adjustments. Upon occurrence of each adjustment or readjustment of the Conversion Price or number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock pursuant to this Section 5, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such Series A Preferred Stock a certificate setting forth such adjustment and readjustment, showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon written request of the holder of such affected Series A Preferred Stock, at any time, furnish or cause to be furnished to such holder a like certificate setting forth such adjustments and readjustments, the Conversion Price in effect at the time, and the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon the conversion of a share of such Series A Preferred Stock. Notwithstanding the foregoing, the Company shall not be obligated to deliver a certificate unless such certificate would reflect an increase or decrease of at least one percent (1%) of such adjusted amount.

(h) Issue Taxes. The Company shall pay any and all issue and other taxes, excluding federal, state or local income taxes, that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Series A Preferred Stock pursuant thereto; provided, however, that the Company shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder in connection with any such conversion.

(i) Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (i) upon hand delivery, telecopy or facsimile at the address or number designated in the Purchase Agreement (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (ii) on the second business day following the date of mailing by express overnight

courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The Company will give written notice each holder of Series A Preferred Stock at least ten (10) days prior to the date on which the Company takes a record (A) with respect to any dividend or distribution upon the Common Stock, (B) with respect to any pro rata subscription offer to holders of Common Stock or (C) for determining rights to vote with respect to any Organic Change, dissolution, liquidation or winding-up and in no event shall such notice be provided to such holder prior to such information being made known to the public. The Company will also give written notice to each holder of Series A Preferred Stock at least ten (10) days prior to the date on which any Organic Change or Liquidation will take place and in no event shall such notice be provided to such holder prior to such information being made known to the public

(j) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall at its option either (i) pay cash equal to the product of such fraction multiplied by the average of the Closing Prices of the Common Stock for the five (5) consecutive trading days immediately preceding the Voluntary Conversion Date or Mandatory Conversion Date, as applicable, or (ii) in lieu of issuing such fractional shares issue one additional whole share to the holder.

(k) Reservation of Common Stock. The Company shall, so long as any shares of Series A Preferred Stock are outstanding, reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Series A Preferred Stock, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all of the Series A Preferred Stock then outstanding (without regard to the limitations on conversion set forth in Section 7 hereof). The initial number of shares of Common Stock reserved for conversions of the Series A Preferred Stock and each increase in the number of shares so reserved shall be allocated pro rata among the holders of the Series A Preferred Stock based on the number of shares of Series A Preferred Stock held by each holder at the time of issuance of the Series A Preferred Stock or increase in the number of reserved shares, as the case may be. In the event a holder shall sell or otherwise transfer any of such holder's shares of Series A Preferred Stock, each transferee shall be allocated a pro rata portion of the number of reserved shares of Common Stock reserved for such transferor. Any shares of Common Stock reserved and which remain allocated to any person or entity which does not hold any shares of Series A Preferred Stock shall be allocated to the remaining holders of Series A Preferred Stock, pro rata based on the number of shares of Series A Preferred Stock then held by such holder.

(l) Retirement of Series A Preferred Stock. Conversion of Series A Preferred Stock shall be deemed to have been effected on the applicable Voluntary Conversion Date. The Company shall keep written records of the conversion of the shares of Series A Preferred Stock converted by each holder. A holder shall be required to deliver the original certificates representing the shares of Series A Preferred Stock upon complete conversion of the Series A Preferred Stock.

(m) Regulatory Compliance. If any shares of Common Stock to be reserved for the purpose of conversion of Series A Preferred Stock require registration or listing with or approval of any governmental authority, stock exchange or other regulatory body under any federal or state law or regulation or otherwise before such shares may be validly issued or delivered upon conversion, the Company shall, at its sole cost and expense, in good faith and as expeditiously as possible, endeavor to secure such registration, listing or approval, as the case may be.

6. No Preemptive Rights. Except as provided in Section 5 hereof, no holder of the Series A Preferred Stock shall be entitled to rights to subscribe for, purchase or receive any part of any new or additional shares of any class, whether now or hereinafter authorized, or of bonds or debentures, or other evidences of indebtedness convertible into or exchangeable for shares of any class, but all such new or

additional shares of any class, or any bond, debentures or other evidences of indebtedness convertible into or exchangeable for shares, may be issued and disposed of by the Board of Directors on such terms and for such consideration (to the extent permitted by law), and to such person or persons as the Board of Directors in their absolute discretion may deem advisable.

7. Conversion Restriction.

(a) Notwithstanding anything to the contrary set forth in Section 5 of this Certificate of Designation, at no time may a holder of shares of Series A Preferred Stock convert shares of the Series A Preferred Stock if the number of shares of Common Stock to be issued pursuant to such conversion would exceed, when aggregated with all other shares of Common Stock owned by such holder at such time, the number of shares of Common Stock which would result in such holder owning more than 4.99% of all of the Common Stock outstanding at such time; *provided, however*, that upon a holder of Series A Preferred Stock providing the Company with sixty-one (61) days notice (pursuant to Section 5(i) hereof) (the "Waiver Notice") that such holder would like to waive Section 7(a) of this Certificate of Designation with regard to any or all shares of Common Stock issuable upon conversion of Series A Preferred Stock, this Section 7(a) shall be of no force or effect with regard to those shares of Series A Preferred Stock referenced in the Waiver Notice.

(b) Notwithstanding anything to the contrary set forth in Section 5 of this Certificate of Designation, at no time may a holder of shares of Series A Preferred Stock convert shares of the Series A Preferred Stock if the number of shares of Common Stock to be issued pursuant to such conversion would exceed, when aggregated with all other shares of Common Stock owned by such holder at such time, the number of shares of Common Stock which would result in such holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 9.99% of all of the Common Stock outstanding at such time; *provided, however,* that upon a holder of Series A Preferred Stock providing the Company with sixty-one (61) days notice (pursuant to Section 5(i) hereof) (the "Waiver Notice") that such holder would like to waive Section 7 of this Certificate of Designation with regard to any or all shares of Common Stock issuable upon conversion of Series A Preferred Stock, this Section 7 shall be of no force or effect with regard to those shares of Series A Preferred Stock referenced in the Waiver Notice.

8. Inability to Fully Convert.

(a) Holder's Option if Company Cannot Fully Convert. If, upon the Company's receipt of a Conversion Notice, the Company cannot issue shares of Common Stock registered for resale (to the extent the Company was obligated to register such shares under the Registration Rights Agreement) for any reason, including, without limitation, because the Company (i) does not have a sufficient number of shares of Common Stock authorized and available, (ii) is otherwise prohibited by applicable law or by the rules or regulations of any stock exchange, interdealer quotation system or other self-regulatory organization with jurisdiction over the Company or its securities from issuing all of the Common Stock which is to be issued to a holder of Series A Preferred Stock pursuant to a Conversion Notice or (iii) fails to have a sufficient number of shares of Common Stock registered for resale required under the Registration Statement (subject to the limitations set forth in the Registration Rights Agreement relating to Rule 415 under the Securities Act), then the Company shall issue as many shares of Common Stock as it is able to issue in accordance with such holder's Conversion Notice and pursuant to Section 5(b)(ii) above and, with respect to the unconverted Series A Preferred Stock, the holder, solely at such holder's option, can elect to:

(i) In the case of 8(a)(i) above, require the Company to redeem from such holder those Series A Preferred Stock for which the Company is unable to issue Common Stock in accordance

with such holder's Conversion Notice ("Mandatory Redemption") at a price per share equal to 120% of the Liquidation Preference Amount as of such Conversion Date (the "Mandatory Redemption Price");

(ii) if the Company's inability to fully convert Series A Preferred Stock is pursuant to Section 8(a)(iii) above, require the Company to issue restricted shares of Common Stock in accordance with such holder's Conversion Notice and pursuant to Section 5(b)(ii) above;

(iii) void its Conversion Notice and retain or have returned, as the case may be, the shares of Series A Preferred Stock that were to be converted pursuant to such holder's Conversion Notice (provided that a holder's voiding its Conversion Notice shall not effect the Company's obligations to make any payments which have accrued prior to the date of such notice).

(b) Mechanics of Fulfilling Holder's Election. The Company shall immediately send via facsimile to a holder of Series A Preferred Stock, upon receipt of a facsimile copy of a Conversion Notice from such holder which cannot be fully satisfied as described in Section 8(a) above, a notice of the Company's inability to fully satisfy such holder's Conversion Notice (the "Inability to Fully Convert Notice"). Such Inability to Fully Convert Notice shall indicate (i) the reason why the Company is unable to fully satisfy such holder's Conversion Notice, (ii) the number of Series A Preferred Stock which cannot be converted and (iii) the applicable Mandatory Redemption Price. Such holder shall notify the Company of its election pursuant to Section 8(a) above by delivering written notice via facsimile to the Company ("Notice in Response to Inability to Convert").

(c) Payment of Redemption Price. If such holder shall elect to have its shares redeemed pursuant to Section 8(a)(i) above, the Company shall pay the Mandatory Redemption Price to such holder within thirty (30) days of the Company's receipt of the holder's Notice in Response to Inability to Convert, provided that prior to the Company's receipt of the holder's Notice in Response to Inability to Convert the Company has not delivered a notice to such holder stating, to the satisfaction of the holder, that the event or condition resulting in the Mandatory Redemption has been cured and all Conversion Shares issuable to such holder can and will be delivered to the holder in accordance with the terms of Section 2(g). If the Company shall fail to pay the applicable Mandatory Redemption Price to such holder on a timely basis as described in this Section 8(c) (other than pursuant to a dispute as to the determination of the arithmetic calculation of the Redemption Price), in addition to any remedy such holder of Series A Preferred Stock may have under this Certificate of Designation and the Purchase Agreement, such unpaid amount shall bear interest at the rate of 1.5% per month (prorated for partial months) until paid in full. Until the full Mandatory Redemption Price is paid in full to such holder, such holder may (i) void the Mandatory Redemption with respect to those Series A Preferred Stock for which the full Mandatory Redemption Price has not been paid, (ii) receive back such Series A Preferred Stock, and (iii) require that the Conversion Price of such returned Series A Preferred Stock be adjusted to the lesser of (A) the Conversion Price and (B) the lowest Closing Price during the period beginning on the Conversion Date and ending on the date the holder voided the Mandatory Redemption.

9. Pro-rata Conversion and Redemption. In the event the Company receives a Conversion Notice from more than one holder of Series A Preferred Stock on the same day and the Company can convert and redeem some, but not all, of the Series A Preferred Stock pursuant to Section 8, the Company shall convert and redeem from each holder of Series A Preferred Stock electing to have Series A Preferred Stock converted and redeemed at such time an amount equal to such holder's pro-rata amount (based on the number shares of Series A Preferred Stock held by such holder relative to the number shares of Series A Preferred Stock outstanding) of all shares of Series A Preferred Stock being converted and redeemed at such time.

10. Vote to Change the Terms of or Issue Preferred Stock. The affirmative vote at a meeting duly called for such purpose or the written consent without a meeting, of the holders of not less than a majority of the then outstanding shares of Series A Preferred Stock, shall be required (a) for any change to this Certificate of Designation or the Company's Certificate of Incorporation that would amend, alter, change or repeal any of the powers, designations, preferences and rights of the Series A Preferred Stock or (b) for the issuance of shares of Series A Preferred Stock other than pursuant to the Purchase Agreement. The provisions hereof may be waived on behalf of all the Holders if in writing and signed by the Holders of not less than a majority of the then outstanding shares of Series A Preferred Stock.

11. Lost or Stolen Certificates. Upon receipt by the Company of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of any Preferred Stock Certificates representing the shares of Series A Preferred Stock, and, in the case of loss, theft or destruction, of any indemnification undertaking by the holder to the Company and, in the case of mutilation, upon surrender and cancellation of the Preferred Stock Certificate(s), the Company shall execute and deliver new preferred stock certificate(s) of like tenor and date.

12. Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Certificate of Designation shall be cumulative and in addition to all other remedies available under this Certificate of Designation, at law or in equity (including a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a holder's right to pursue actual damages for any failure by the Company to comply with the terms of this Certificate of Designation. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the holder thereof and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the holders of the Series A Preferred Stock and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holders of the Series A Preferred Stock shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

13. Failure or Indulgence Not Waiver. No failure or delay on the part of a holder of Series A Preferred Stock in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

IN WITNESS WHEREOF, the undersigned has executed and subscribed this Amended Certificate and does affirm the foregoing as true this 26 day of December, 2007.

NEOPROBE CORPORATION

By: /s/ David C. Bupp
Name: David C. Bupp
Title: President and CEO

EXHIBIT I

NEOPROBE CORPORATION
CONVERSION NOTICE

Reference is made to the Certificate of Designation of the Relative Rights and Preferences of the Series A Preferred Stock of Neoprobe Corporation (the "Certificate of Designation"). In accordance with and pursuant to the Certificate of Designation, the undersigned hereby elects to convert the number of shares of Series A Preferred Stock, par value $.001 per share (the "Preferred Shares"), of Neoprobe Corporation, a Delaware corporation (the "Company"), indicated below into shares of Common Stock, par value $.001 per share (the "Common Stock"), of the Company, by tendering the stock certificate(s) representing the share(s) of Preferred Shares specified below as of the date specified below.

Date of Conversion:_____

Number of Preferred Shares to be converted:_____

Stock certificate no(s). of Preferred Shares to be converted:_____

The Common Stock have been sold pursuant to the Registration Statement (as defined in the Registration Rights Agreement):
YES _____ NO _____

Please confirm the following information:

Conversion Price: _____

Number of shares of Common Stock to be issued: _____

Number of shares of Common Stock beneficially owned or deemed beneficially owned by the Holder on the Date of Conversion determined in accordance with Section 16 of the Securities Exchange Act of 1934, as amended: _____

Please issue the Common Stock into which the Preferred Shares are being converted and, if applicable, any check drawn on an account of the Company in the following name and to the following address:

Issue to: _____
Facsimile Number: _____

Authorization:
By: _____
Title: _____

Dated: _____

Exhibit 10.1

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT dated as of December 26, 2007 (this "Agreement") by and among Neoprobe Corporation, a Delaware corporation (the "Company"), and Platinum-Montaur Life Sciences, LLC, a Delaware limited liability company (the "Purchaser").

Recital

The Company wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Company (a) the Company's 10% Series A Convertible Senior Secured Promissory Note in the principal amount of $7,000,000, due December 26, 2011 (the "Series A Note"), (b) the Company's 10% Series B Convertible Senior Secured Promissory Note in the principal amount of $3,000,000, due December 26, 2011 (the "Series B Note"), (c) 3,000 shares of the Company's 8% Series A Convertible Preferred Stock (the "Preferred Stock"), (d) the Company's Series W Warrant to purchase shares of common stock of the Company (the "Series W Warrant"), (e) the Company's Series X Warrant to purchase shares of common stock of the Company (the "Series X Warrant"), and (e) the Company's Series Y Warrant to purchase shares of common stock of the Company (the "Series Y Warrant"), in each case upon the terms and subject to the conditions hereinafter set forth.

Statement of Agreement

In consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows.

ARTICLE I

DEFINITIONS

1.1 General Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"2004 Notes" shall mean the Company's Series A Convertible Promissory Notes, dated December 13, 2004, issued to Biomedical Value Fund, L.P., Biomedical Offshore Value Fund, Ltd. and David C. Bupp.

"Account Control Agreement" shall mean the Blocked Account Control Agreement among U.S. Bank National Association, the Purchaser and the Company, substantially in the form of Exhibit A hereto.

"Affiliate" shall mean, with respect to any Person, any other Person that directly or indirectly controls or is controlled by or under common control with such Person. For the purposes of this definition, "control," when used with respect to any Person, means the possession, direct or indirect, 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; and the terms of "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" shall mean this Agreement, including the exhibits and schedules attached hereto, as the same may be amended, supplemented or modified in accordance with the terms hereof.

"Board" shall mean the Board of Directors of the Company.

"Business Day" shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the state of New York generally are authorized or required by law or other government actions to close.

"By-laws" shall mean, unless the context in which such term is used otherwise requires, the By-laws of the Company or any of its Subsidiaries as in effect on a Closing Date.

"Certificate of Designations" shall mean the Certificate of Powers, Designations, Preferences and Rights of the Preferred Stock, substantially in the form attached hereto as Exhibit B.

"Certificate of Incorporation" shall mean, unless the context in which it is used shall otherwise require, the Certificate of Incorporation of the Company or any of its Subsidiaries as in effect on a Closing Date.

"Closing Date" shall mean the date of the First Closing, the date of the Second Closing, or the date of the Third Closing, as the context may require.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"Commission" shall mean the Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"Common Stock" shall mean the Company's common stock, par value $.001 per share, or any other capital stock of the Company into which such stock is reclassified or reconstituted.

"Contractual Obligations" shall mean as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument or arrangement (whether in writing or otherwise) to which such Person is a party or by which it or any of such Person's property is bound.

"Conversion Shares" shall mean the shares of Common Stock issuable upon conversion of the Notes and the Preferred Stock in accordance with their respective terms

"Event of Default" shall have the meaning assigned to such term in the Notes.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"First Closing" and "First Closing Date" shall have the respective meanings assigned to such terms in Section 2.2(a).

"GAAP" shall mean generally accepted accounting principles in effect within the United States, consistently applied.

"Governmental Authority" shall mean the government of any nation, state, city, locality or other political subdivision of any thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, regulation or compliance, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Indebtedness" shall mean (a) any liabilities for borrowed money or amounts owed in excess of an aggregate of $50,000; (b) other obligations evidenced by bonds, debentures, notes or similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers' acceptances, swap or hedging agreements or other financial products in excess, in the aggregate, of $50,000, (c) all guaranties, endorsements and other contingent obligations in respect of Indebtedness of others, whether or not the same are or should be reflected in the Company's or a Subsidiary's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (d) the present value of any lease payments in excess of $50,000, in the aggregate, due under leases required to be capitalized in accordance with GAAP.

"Intercreditor Agreement" shall mean the Intercreditor Agreement among the Company, the Purchaser, David Bupp, Cynthia B. Gochoco and Walter Bupp to be entered into on the First Closing Date.

"IP Security Agreement" shall mean the Patent, Trademark and Copyright Security Agreement delivered by each of the Company and the Subsidiaries, substantially in the form attached hereto as Exhibit C.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), charge, claim, restriction or preference, priority, right or other security interest or preferential arrangement of any kind or nature whatsoever (excluding preferred stock and equity related preferences) including, without limitation, those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease Obligation, or any financing lease having substantially the same economic effect as any of the foregoing.

"Lymphoseek" means the Company's proprietary radiopharmaceutical in development that is specifically designed and labeled for the targeting of lymphatic tissue, generally known as Lymphoseek®.

"Material Adverse Effect" shall mean a material adverse effect on, or a material adverse change in, or a group of such effects on or changes in (i) the assets, business, properties, prospects, operations, or financial condition of the Company and its Subsidiaries, taken as a whole, or (ii) the ability of the Company to perform its obligations under this Agreement.

"Material Contracts" has the meaning set forth in Section 3.20.

"Notes" shall mean the Series A Notes and the Series B Notes.

"Permitted Encumbrances" shall mean:

(a) Liens for Taxes, assessments or other governmental charges which are not yet due and payable or which are being contested in good faith with a reserve or other appropriate provision having been made therefor;

(b) Liens of landlords, carriers, warehousemen, mechanics, materialmen and other similar liens imposed by law, which are incurred in the ordinary course of business for sums not more than thirty (30) days delinquent or which are being contested in good faith; provided that a reserve or other appropriate provision shall have been made therefor and the aggregate amount of such Liens is less than $100,000;

(c) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(d) Deposits in an aggregate amount not to exceed $100,000, made in the ordinary course of business to secure liability to insurance carriers;

(e) Leases or subleases granted to others not interfering in any material respect with the business of the Company or any of its Subsidiaries; and

(f) Easements, rights of way, restrictions and other similar charges or encumbrances not interfering in any material respect with the ordinary conduct of the business of the Company or any of its Subsidiaries.

"Person" shall mean any individual, firm, corporation, limited liability company, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"Preferred Stock" shall have the meaning assigned in the recital to this Agreement, and as further described in the statement of powers, designations, preferences, rights and qualifications, limitations and restrictions attached hereto as Exhibit D.

"Purchaser Affiliate" shall mean with respect to the Purchaser, any affiliate of such Purchaser (as defined in Rule 405 under the Securities Act) and any Person who controls the Purchaser or any affiliate of the Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act.

"Purchaser" shall have the meaning set forth in the recital to this Agreement.

"Registration Rights Agreement" shall mean the Registration Rights Agreement, among the Purchaser and the Company, substantially in the form of Exhibit E hereto.

"Regulation D" shall mean Regulation D promulgated under the Securities Act, as the same shall be in effect at the time.

"Rule 144" shall mean Rule 144 promulgated under the Securities Act, as the same shall be in effect at the time

"SEC Reports" shall mean all forms, reports, statements and other documents (including, without limitation, exhibits, annexes, supplements and amendments to such documents) filed by the Company, or sent or made available by the Company to its security holders, under the Exchange Act, the Securities Act, any national securities exchange or quotation system or comparable Governmental Authority.

"Second Closing" and "Second Closing Date" shall have the respective meanings assigned to such terms in Section 2.2(b).

"Securities" shall mean, collectively, the Notes, the Preferred Stock and the Warrants.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations thereunder as the same shall be in effect at the time.

"Security Agreement" shall mean the Security Agreement substantially in the form attached hereto as Exhibit F.

"Series A Note" shall have the meaning assigned in the recital to this Agreement, the form of which is attached hereto as Exhibit G.

"Series B Note" shall have the meaning assigned in the recital to this Agreement, the form of which is attached hereto as Exhibit H.

"Series W Warrant" shall have the meaning assigned in the recital to this Agreement, the form of which is attached hereto as Exhibit I.

"Series X Warrant" shall have the meaning assigned in the recital to this Agreement, the form of which is attached hereto as Exhibit J.

"Series Y Warrant" shall have the meaning assigned in the recital to this Agreement, the form of which is attached hereto as Exhibit K.

"Short Sales" shall mean all "short sales" as defined in Rule 200 under the Exchange Act.

"Subsidiary" shall mean, with respect to any Person, a corporation or other entity of which 50% or more of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Company or of a Subsidiary of the Company.

"Third Closing" and "Third Closing Date" shall have the respective meanings assigned to such terms in Section 2.2(c).

"Trading Day" means any day during which the principal exchange on which the Common Stock is traded shall be open for trading.

"Transaction Documents" shall mean collectively, this Agreement, the Notes, the Preferred Stock, the Certificate of Designations, the Warrants, the Security Agreement, the Account Control Agreement, the Intercreditor Agreement and the IP Security Agreement.

"Warrant Shares" shall mean the shares of Common Stock issuable upon exercise of the Warrants in accordance with their respective terms.

"Warrants" shall mean the Series W Warrants, the Series X Warrants and the Series Y Warrants.

1.2 Accounting Terms; Financial Statements. All accounting terms used herein and not expressly defined in this Agreement shall have the respective meanings given to them in conformance with GAAP. Financial statements and other information furnished after the date hereof pursuant to the Agreement or the other Transaction Documents shall be prepared in accordance with GAAP as in effect at the time of such preparation.

1.3 Knowledge of the Company. All references to the knowledge of the Company or to facts known by the Company shall mean actual knowledge of the Chief Executive Officer or Chief Financial Officer of the Company

ARTICLE II

PURCHASE AND SALE OF SECURITIES

2.1 Purchase and Sale of Notes, Preferred Stock and Warrants.

(a) Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Purchaser, and the Purchaser agrees to purchase from the Company at the First Closing the Series A Note and the Series W Warrant for an aggregate purchase price of $7,000,000 (the "Series A Purchase Price"). At the First Closing the Company shall deliver or

cause to be delivered to the Purchaser (i) the Series A Note, and (ii) the Series W Warrant. At the First Closing, the Purchaser shall deliver the Series A Purchase Price by wire transfer of immediately available funds to the Company.

(b) Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Purchaser, and the Purchaser agrees to purchase from the Company at the Second Closing the Series B Note and the Series X Warrant for an aggregate purchase price of $3,000,000 (the "Series B Purchase Price"). The Series X Warrant shall be initially exercisable for the same number of shares of Common Stock as would be issuable if the Series B Note were to be converted in full immediately following the Second Closing. At the Second Closing the Company shall deliver or cause to be delivered to the Purchaser (i) Series B Note, and (ii) the Series X Warrant. At the Second Closing, the Purchaser shall deliver the Series B Purchase Price by wire transfer of immediately available funds to the Company. Notwithstanding anything to the contrary contained herein, if the conditions to the Purchaser's obligations to effect the Second Closing are not satisfied by April 30, 2008, the Purchaser shall have no obligation hereunder to purchase the Series B Note and the Series X Warrant. .The conversion price of the Series B Note and the exercise price of the Series X Warrant shall be established as set forth in the forms attached hereto as Exhibit H and Exhibit J.

(c) Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Purchaser, and the Purchaser, severally but not jointly, agrees to purchase from the Company at the Third Closing the Preferred Stock and the Series Y Warrant for an aggregate purchase price of $3,000,000 (the "Preferred Stock Purchase Price"). The Series Y Warrant shall be exercisable for the same number of shares of Common Stock as would be issuable if the Preferred Stock were to be converted in full immediately following the Third Closing. At the Third Closing the Company shall deliver or cause to be delivered to the Purchaser (i) 3,000 shares of the Preferred Stock, and (ii) the Series Y Warrant. At the Third Closing, the Purchaser shall deliver the Preferred Stock Purchase Price by wire transfer of immediately available funds to the Company. Notwithstanding anything to the contrary contained herein, if the conditions to the Purchaser's obligations to effect the Third Closing are not satisfied by December 31, 2008, the Purchaser shall have no obligation hereunder to purchase the Preferred Stock and the Series Y Warrant.

2.2 Closings.

(a) The purchase and issuance of the Series A Note and the Series W Warrant shall take place at a closing (the "First Closing") simultaneously with the execution and delivery of this Agreement or on such other date and time as the Parties may agree (the "First Closing Date") at the offices of Purchaser, 152 West 57th Street, 54th Floor, New York, New York provided that all of the conditions set forth in Article VI hereof and applicable to the First Closing shall have been fulfilled or waived in accordance herewith.

(b) The purchase and issuance of the Series B Note and the Series X Warrant shall take place at a closing (the "Second Closing") promptly (but not more than three Business Days) following notice by the Company to the Purchaser of commencement of patient enrollment (defined as the first patient dosed) in the Phase 3 clinical trials of Lymphoseek (NEO3-01B and NEO3-01M) or such other date and time as the Parties may agree (the "Second

Closing Date") at the offices of the Purchaser, 152 West 57th Street, 54th Floor, New York, New York, provided that all of the conditions set forth in Article VI hereof and applicable to the Second Closing shall have been fulfilled or waived in accordance herewith.

(c) The purchase and issuance of the Preferred Stock and the Series Y Warrant shall take place at a closing (the "Third Closing") promptly (but not more than three Business Days) following (i) accrual of 200 evaluable patients who have completed surgery and injection of the drug in the Phase 3 clinical trials of Lymphoseek (NEO3-01B and NEO3-01M), provided that the Company and the Purchaser have determined in good faith from a review of the trial data from such patients that the primary objective of efficacy of Lymphoseek in such patients, *i.e.,* the concordance of in-vivo detection rate of Lymphoseek and Vital Blue Dye in tumor-draining sentinel lymph nodes as confirmed by pathology in at least eighty-five percent (85%) of such patients, has been achieved; or (ii) such other date and time as the Parties may agree (the date of the Third Closing being hereinafter referred to as the "Third Closing Date"), at the offices of the Purchaser, 152 West 57th Street, 54th Floor, New York, New York provided that all of the conditions set forth in Article VI hereof and applicable to the Third Closing shall have been fulfilled or waived in accordance herewith.

2.3 Conversion Shares and Warrant Shares. The Company has authorized and has reserved and covenants to continue to reserve, free of preemptive rights and other similar contractual rights of stockholders a total of 46,500,000 shares of Common Stock to effect the conversion of the Notes and Preferred Stock, and any interest or dividends accrued and outstanding thereon, and the exercise of the Warrants. The Company further covenants that, from and after the First Closing Date, the Company shall reserve (and hereby covenants to continue to reserve), free of preemptive rights and other similar contractual rights, a number of its authorized but unissued shares of Common Stock equal to the aggregate number of shares of Common Stock issuable upon the conversion of the Notes and Preferred Stock, and any interest or dividends accrued and outstanding thereon, and the exercise of the Warrants (without regards to any limitation on conversion or exercise set forth in the Notes, the Preferred Stock or the Warrants).

2.4 Exemption From Registration. The Company and the Purchaser are executing and delivering this Agreement in accordance with and in reliance upon the exemption from securities registration afforded by Section 4(2) of the Securities Act, and the rules and regulations promulgated thereunder, including Regulation D, and/or upon such other exemption from the registration requirements of the Securities Act as may be available with respect to any or all of the investments to be made hereunder.

2.5 Financial Accounting and Tax Reporting. Each of the parties hereto agrees to take reporting and other positions with respect to the Securities which are consistent with the purchase price of the Securities set forth herein for all financial accounting purposes, unless otherwise required by applicable GAAP or Commission rules (in which case the parties agree only to take positions inconsistent with the purchase price of the Securities set forth herein provided that the Lead Purchaser has consented thereto, which consent shall not be unreasonably withheld). Each of the parties to this Agreement agrees to take reporting and other positions with respect to the Securities which are consistent with the purchase price of the Securities set

forth herein for all other purposes, including without limitation, for all federal, state and local tax purposes.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Purchaser, as of the date hereof and each Closing Date (except as set forth on the Schedule of Exceptions attached hereto with each numbered Schedule corresponding to the section number herein), as follows:

3.1 Corporate Existence and Power. Except as set forth on Schedule 3.1, the Company and each of its Subsidiaries: (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation; (b) has all requisite corporate power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently, or is currently proposed to be, engaged; (c) is duly qualified as a foreign corporation, licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to so qualify would not have a Material Adverse Effect; and (d) has the corporate power and authority to execute, deliver and perform its obligations under each Transaction Document to which it is or will be a party.

3.2 Subsidiaries.

(a) Schedule 3.2 sets forth a complete and accurate list of all of the Subsidiaries of the Company together with their respective jurisdictions of incorporation or organization. All of the outstanding shares of capital stock of, or other equity interests in, the Subsidiaries are validly issued, fully paid and nonassessable. Except as set forth on Schedule 3.2, all of the outstanding shares of capital stock of, or other ownership interests in, each of the Subsidiaries are, and on each Closing Date will be, owned by the Company or by a wholly owned Subsidiary free and clear of any Liens. No Subsidiary has outstanding options, warrants, subscriptions, calls, rights, convertible securities or other agreements or commitments obligating the Subsidiary to issue, transfer or sell any securities of the Subsidiary.

(b) Except for the Subsidiaries of the Company, the Company does not own of record or beneficially, directly or indirectly, (i) any shares of outstanding capital stock or securities convertible into capital stock of any other Person, or (ii) any equity, voting or participating interest in any Person.

3.3 Capitalization. The authorized capital stock and the issued and outstanding shares of capital stock of the Company as of the First Closing Date is set forth on Schedule 3.3 hereto. All of the outstanding shares of the Common Stock and any other outstanding securities of the Company have been duly and validly authorized. Except as set forth in this Agreement, the SEC Reports or as set forth on Schedule 3.3 hereto, no shares of Common Stock or any other securities of the Company are entitled to preemptive rights or registration rights and there are no outstanding options, warrants, scrip, rights to subscribe to, call or commitments of any character

whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company. Furthermore, except as set forth in this Agreement and as set forth on Schedule 3.3 hereto, there are no contracts, commitments, understandings, or arrangements by which the Company is or may become bound to issue additional shares of the capital stock of the Company or options, securities or rights convertible into shares of capital stock of the Company. Except for customary transfer restrictions contained in agreements entered into by the Company in order to sell restricted securities or as provided on Schedule 3.3 hereto, the Company is not a party to or bound by any agreement or understanding granting registration or anti-dilution rights to any person with respect to any of its equity or debt securities. Except as set forth on Schedule 3.3, the Company is not a party to, and it has no knowledge of, any agreement or understanding restricting the voting or transfer of any shares of the capital stock of the Company. The Company does not have any stock-based compensation or option plan, other than those disclosed in the SEC Reports (the "Plans"). Pursuant to the Plans, as of December 26, 2007, an aggregate of 1,317,500 shares of Common Stock remain available for issuance thereunder.

3.4 Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and each other Transaction Document to which it is or will be a party and the consummation of the transactions contemplated hereby and thereby, (a) has been duly authorized by all necessary corporate action; (b) do not and will not contravene the terms of the Certificate of Incorporation or By-Laws of the Company or any amendment thereof or any federal, state, local or foreign statute, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries are bound or affected; (c) do not and will not (i) conflict with, contravene, result in any material violation or breach of or material default under (with or without the giving of notice or the lapse of time or both), (ii) create in any other Person a right or claim of termination or amendment, or (iii) require any material modification or acceleration or cancellation of, any Contractual Obligation of the Company or any of its Subsidiaries; and (d) do not and will not result in the creation of any Lien (or obligation to create a Lien) against any material property or asset of the Company or any of its Subsidiaries other than the Lien created by the Security Agreement, except, in all cases, for such conflicts, defaults, terminations, amendments, acceleration, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect.

3.5 Binding Effect. This Agreement has been, and each of the Transaction Documents to which the Company will be a party to will be, duly executed and delivered by the Company, and this Agreement constitutes, and such Transaction Documents will constitute, the legal, valid and binding obligation of the Company enforceable against the Company in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application.

3.6 Governmental Authorization. Neither the Company nor any of its Subsidiaries is required under federal, state, foreign or local law, rule or regulation to obtain any consent, authorization or order of, or make any filing or registration with, any court or Governmental Authority in order for it to execute, deliver or perform any of its obligations under the

Transaction Documents or issue and sell the Securities in accordance with the terms hereof (other than any filings, consents and approvals which may be required to be made by the Company under applicable state and federal securities laws, rules or regulations or any registration provisions provided in the Registration Rights Agreement).

3.7 Issuance of Securities. The Notes, Preferred Stock and Warrants to be issued at the Closings have been duly authorized by all necessary corporate action and, when paid for or issued in accordance with the terms hereof, the Notes and Preferred Stock shall be validly issued and outstanding, free and clear of all liens, encumbrances and rights of refusal of any kind, and the Preferred Stock shall be fully paid and non-assessable. When the Conversion Shares and Warrant Shares are issued and paid for in accordance with the terms of this Agreement and as set forth in the Notes, Preferred Stock and Warrants, such shares will be duly authorized by all necessary corporate action and validly issued and outstanding, fully paid and nonassessable, free and clear of all liens, encumbrances and rights of refusal of any kind and the holders shall be entitled to all rights accorded to a holder of Common Stock.

3.8 SEC Reports; Financial Statements. The Common Stock of the Company is registered pursuant to Section 12(g) of the Exchange Act. Since December 31, 2004, except as described in Schedule 3.8, the Company has filed in a timely manner all SEC Reports required to be filed by it with the Commission pursuant to the reporting requirements of the Exchange Act. At the times of their respective filings, each of the SEC Reports filed since December 31, 2006 (or, if amended or superseded by a filing prior to the First Closing Date, then on the date of such filing), complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission promulgated thereunder and other federal, state and local laws, rules and regulations applicable to such documents, and such SEC Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Reports complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission or other applicable rules and regulations with respect thereto. Such financial statements have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements), and fairly present in all material respects the financial position of the Company and its Subsidiaries as of the dates thereof and the results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

3.9 No Material Adverse Change. Since December 31, 2006, the Company has not experienced or suffered any Material Adverse Effect, except as disclosed in the SEC Reports or on Schedule 3.9.

3.10 No Undisclosed Liabilities. Except as disclosed on Schedule 3.10 or in the SEC Reports, neither the Company nor any of its Subsidiaries has incurred any liabilities, obligations, claims or losses (whether liquidated or unliquidated, secured or unsecured, absolute, accrued, contingent or otherwise) other than those incurred in the ordinary course of the Company's or its

Subsidiaries respective businesses or which, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect.

3.11 Indebtedness. Schedule 3.11 sets forth as of the date hereof all outstanding secured and unsecured Indebtedness (other than trade accounts payable and accrued liabilities incurred in the ordinary course of business) of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness (other than defaults under trade accounts payable and accrued liabilities incurred in the ordinary course of business that would not reasonably expected to cause a Material Adverse Effect).

3.12 Title to Assets. Each of the Company and the Subsidiaries has good and valid title to all of their respective real and personal property reflected in the SEC Reports, free and clear of any mortgages, pledges, charges, liens, security interests or other encumbrances, except for Permitted Encumbrances and those indicated on Schedule 3.12 hereto or such that, individually or in the aggregate, do not cause a Material Adverse Effect. Any material leases of the Company and each of its Subsidiaries are valid and subsisting and in full force and effect.

3.13 Actions Pending. There is no action, suit, claim, investigation, arbitration, alternate dispute resolution proceeding or other proceeding pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary which questions the validity of this Agreement or any of the other Transaction Documents or any of the transactions contemplated hereby or thereby or any action taken or to be taken pursuant hereto or thereto. Except as set forth in the SEC Reports or on Schedule 3.13, there is no action, suit, claim, investigation, arbitration, alternate dispute resolution proceeding or other proceeding pending or, to the knowledge of the Company, threatened against or involving the Company, any Subsidiary or any of their respective properties or assets, which individually or in the aggregate, would reasonably be expected, if adversely determined, to have a Material Adverse Effect. There are no outstanding orders, judgments, injunctions, awards or decrees of any court, arbitrator or Governmental Authority against the Company or any Subsidiary or any officers or directors of the Company or Subsidiary in their capacities as such, which individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

3.14 Compliance with Law. The business of the Company and the Subsidiaries has been and is presently being conducted in accordance with all applicable federal, state and local governmental laws, rules, regulations and ordinances, except such that, individually or in the aggregate, the noncompliance therewith could not reasonably be expected to have a Material Adverse Effect. The Company and each of its Subsidiaries have all franchises, permits, licenses, consents and other governmental or regulatory authorizations and approvals necessary for the conduct of its business as now being conducted by it unless the failure to possess such franchises, permits, licenses, consents and other governmental or regulatory authorizations and approvals, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

3.15 Taxes. The Company and each of its Subsidiaries has timely filed or has valid extensions of the time to file all federal, state and other material tax returns required by law to be filed by it, has paid or made provisions for the payment of all taxes shown to be due and all

additional assessments, and adequate provisions have been and are reflected in the financial statements of the Company and the Subsidiaries for all current taxes and other charges to which the Company or any Subsidiary is subject and which are not currently due and payable. Except as disclosed on Schedule 3.15 hereto or in the SEC Reports, to the best of the Company's knowledge, none of the federal income tax returns of the Company or any Subsidiary have been audited by the Internal Revenue Service. The Company has no knowledge of any additional assessments, adjustments or contingent tax liability (whether federal or state) of any nature whatsoever, whether pending or threatened against the Company or any Subsidiary for any period, nor of any basis for any such assessment, adjustment or contingency.

3.16 Brokers' or Finders' Fees. Except as set forth on Schedule 3.16, the Company has not employed any broker or finder or incurred any liability for any brokerage or investment banking fees, commissions, finders' structuring fees, financial advisory fees or other similar fees in connection with the transactions contemplated by this Agreement.

3.17 Disclosure. Except for the transactions contemplated by this Agreement, the Company confirms that neither it nor any other person acting on its behalf has provided the Purchaser or its agents or counsel with any information that constitutes or might constitute material, nonpublic information. To the Company's knowledge, neither this Agreement or the Schedules hereto nor any other documents, certificates or instruments furnished to the Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by this Agreement contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein or therein, in the light of the circumstances under which they were made herein or therein, not misleading.

3.18 Intellectual Property. Except as set forth on Schedule 3.18, the Company and each of the Subsidiaries owns or possesses the rights to all patents, trademarks, domain names (whether or not registered) and any patentable improvements or copyrightable derivative works thereof, websites and intellectual property rights relating thereto, service marks, trade names, copyrights, licenses and authorizations which are necessary for the conduct of its business as now conducted without any conflict known by the Company with the rights of others.

3.19 Books and Records; Internal Accounting Controls. The records and documents of the Company and its Subsidiaries accurately reflect in all material respects the information relating to the business of the Company and the Subsidiaries, the location and collection of their assets, and the nature of all transactions giving rise to the obligations or accounts receivable of the Company or any Subsidiary. The Company is in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 which are applicable to it as of the applicable Closing Date. The Company and its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and designed such

disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Chief Executive Officer and the Chief Financial Officer of the Company have signed, and the Company has furnished to the Commission, all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

3.20 Material Contracts. Except as disclosed in the SEC Reports or as set forth on Schedule 3.20 (i) the Company and each of its Subsidiaries have performed all obligations required to be performed by them to date under any written or oral contract, instrument, agreement, commitment, obligation, plan or arrangement, filed or required to be filed with the Commission (the "Material Contracts"), (ii) neither the Company nor any of its Subsidiaries has received any notice of default under any Material Contract and, (iii) to the best of the Company's knowledge, neither the Company nor any of its Subsidiaries is in default under any Material Contract now in effect, except where the effect of such default would not be reasonably likely to have a Material Adverse Effect.

3.21 Transactions with Affiliates. Except as set forth on Schedule 3.21 hereto or in the SEC Reports, none of the officers, directors or Affiliates of the Company has entered into any transaction with the Company or any Subsidiary that would be required to be disclosed pursuant to Item 404(a), (b) or (c) of Regulation S-K of the Commission.

3.22 Securities Act. The Company has complied and will comply with all applicable federal and state securities laws in connection with the offer, issuance and sale of the Securities hereunder. Neither the Company nor anyone acting on its behalf, directly or indirectly, has or will take any action that would require registration under the Securities Act or applicable state securities laws of the offer, sale or issuance of the Securities to the Purchaser. Neither the Company nor any of its Affiliates, nor any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of any of the Securities.

3.23 Employees. Neither the Company nor any Subsidiary has any collective bargaining arrangements or agreements covering any of its employees. No executive officer or key employee of the Company or any Subsidiary whose termination, either individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect, has terminated or, to the knowledge of the Company, has any present intention of terminating his or her employment or engagement with the Company or any Subsidiary.

3.24 Absence of Certain Developments. Except as set forth in the SEC Reports or provided on Schedule 3.24 hereto, since December 31, 2006, the business and operations of the Company and each Subsidiary have been conducted in the ordinary course consistent with past practice, and there has not been:

(a) any declaration, setting aside or payment of any dividend or other distribution of the assets of the Company or any Subsidiary with respect to any shares of capital stock of the Company or any Subsidiary or any repurchase, redemption or other acquisition by

the Company or any Subsidiary of any outstanding shares of the Company's or any Subsidiary's capital stock;

(b) any damage, destruction or loss, whether or not covered by insurance, except for such occurrences, individually and collectively, that have not had, and would not reasonably be expected to have, a Material Adverse Effect;

(c) any waiver by the Company or any Subsidiary of a valuable right or of a material debt owed to it;

(d) any material change or amendment to, or any waiver of any material right under any Contractual Obligation by which the Company or any Subsidiary or any of the Company's or any Subsidiary's assets or properties is bound or subject;

(e) any change by the Company in its accounting principles, methods or practices or in the manner in which it keeps its accounting books and records, except any such change required by a change in GAAP or by the Commission;

(f) any sale, transfer or disposition of any tangible or intangible asset, in each case in excess of $250,000, other than in the ordinary course of business; or

(g) any changes in executive officer compensation except in the ordinary course of business and consistent with past practices; or

(h) any capital expenditures or commitments therefor that aggregate in excess of $100,000;

3.25 Investment Company Act Status. The Company is not, and as a result of and immediately upon the Closing will not be, an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

3.26 DTC Status. Except as set forth on Schedule 3.26 hereto, the Company's transfer agent is a participant in and the Common Stock is eligible for transfer pursuant to the Depository Trust Company Automated Securities Transfer Program. The name, address, telephone number, fax number, contact person and email of the Company transfer agent is set forth on Schedule 3.26 hereto.

3.27 Clinical Trials. The material human clinical trials conducted by the Company or in which the Company has participated and that are described in the SEC Reports, or the results of which are referred to in the SEC Reports, if any, are the only material human clinical trials currently being conducted by or on behalf of the Company, and, to the Company's knowledge, such studies and tests were and, if still pending, are being, conducted in accordance with experimental protocols, procedures and controls pursuant to accepted professional scientific standards; the descriptions of the results of such studies, tests and trials contained in the SEC Reports, if any, were accurate and complete in all material respects as of the respective date(s) of such SEC Reports. Except as set forth in the SEC Reports, the Company has no knowledge of any other studies or tests, the results of which call into question the results of the clinical trials

described in the SEC Reports. The Company has not received any notices or correspondence from the United States Food and Drug Administration (the "FDA") or any other governmental agency requiring the termination, suspension or modification of any clinical trials conducted by, or on behalf of, the Company or in which the Company has participated that are described in the SEC Reports, if any, or the results of which are referred to in the SEC Reports. All human clinical trials previously conducted by or on behalf of the Company while conducted by or on behalf of the Company, were conducted in accordance with experimental protocols, procedures and controls pursuant to accepted professional scientific standards; the descriptions of the results of such studies, tests and trials contained in the SEC Reports, if any, are accurate and complete in all material respects as of the respective date(s) of such SEC Reports.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Company, as of the date hereof and as of each Closing Date, as follows:

4.1 Organization and Standing. The Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware.

4.2 Authorization and Power. The Purchaser has the requisite power and authority to enter into and perform the Transaction Documents and to purchase the Securities being sold to it hereunder. The execution, delivery and performance of the Transaction Documents by the Purchaser and the consummation by it of the transactions contemplated hereby (a) have been duly authorized by all necessary limited liability company action, and (b) does not contravene the terms of the organizational or governing documents of the Purchaser. No further consent or authorization of the Purchaser, its board of directors or other governing body, or of its members, is required for the execution, delivery or performance of the Transaction Documents by the Purchaser. When executed and delivered by the Purchaser, the Transaction Documents shall constitute valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application.

4.3 Acquisition for Investment. The Purchaser is purchasing the Securities solely for its own account and not with a view to or for sale in connection with a distribution thereof. The Purchaser does not have a present intention to sell any of the Securities, nor a present arrangement (whether or not legally binding) or intention to effect any distribution of any of the Securities to or through any person or entity; *provided, however,* that by making the representations herein, the Purchaser does not agree to hold the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with Federal and state securities laws applicable to such disposition. The Purchaser acknowledges and agrees that certificates representing the Securities shall bear a legend to the following effect:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

4.4 Purchaser Status. At the time Purchaser was offered the Securities, it was, and at the date hereof it is, and on each date on which it converts a Note or Preferred Stock, or exercises a Warrant, it will be, an "accredited investor" as defined in Rule 501(a) under the Securities Act. The Purchaser has such experience in business and financial matters that it is capable of evaluating the merits and risks of an investment in the Securities. The Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act and the Purchaser is not a broker-dealer. Each Purchaser acknowledges that an investment in the Securities is speculative and involves a high degree of risk.

4.5 Access to Information. The Purchaser acknowledges that it has reviewed the SEC Reports, the Schedules to this Agreement and other information furnished by the Company, and has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Securities and the merits and risks of investing in the Securities; (ii) access to information about the Company and Subsidiaries and their respective financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to Purchaser's investment in the Securities.

4.6 Rule 144. The Purchaser understands that the Securities must be held indefinitely unless such Securities are registered under the Securities Act or an exemption from registration is available. The Purchaser acknowledges that the Purchaser is familiar with Rule 144, and that the Purchaser has been advised that Rule 144 permits resales only under certain circumstances. The Purchaser understands that to the extent that Rule 144 is not available, such Purchaser will be unable to sell any Securities without either registration under the Securities Act or the existence of another exemption from such registration requirement.

4.7 Certain Trading Activities. The Purchaser has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with the Purchaser, engaged in any transactions in the securities of the Company (including, without limitations, any Short Sales involving the Company's securities) since the earlier to occur of (a) the time that such Purchaser was first contacted by or on behalf of the Company regarding an investment in the Company, or (b) the 30th day prior to the date of this Agreement. The Purchaser covenants that neither it nor any Person acting on its behalf or pursuant to any understanding with it will engage in any Short Sales of the Common Stock until the earlier to occur of (i) the Third Closing Date, (ii) December 31, 2008, or (iii) the earlier termination of the Purchaser's obligation to purchase the Preferred Stock at the Third Closing (including the termination of such obligation resulting from a failure to effect the Second Closing hereunder or the Company's notification to the Purchaser of its

inability to satisfy the conditions set forth in 6.2(j)) (the "No-Short Period"). Upon termination of the No-Short Period, the Purchaser shall be permitted to engage in Short Sales or other hedging activities with respect to the Common Stock, but shall maintain, at any time while the Notes or Preferred Stock are held by the Purchaser, a "net-long" position with respect to the Common Stock, *i.e.,* Purchaser may make Short Sales of Common Stock at any time when Purchaser holds an equivalent offsetting long position in Common Stock (including, for purposes of this definition, a long position in Common Stock underlying the Securities on an as-converted or as-exercised basis).

4.8 No General Solicitation. The Purchaser acknowledges that the Securities were not offered to the Purchaser by means of any form of general or public solicitation or general advertising, or publicly disseminated advertisements or sales literature, including (a) any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media, or broadcast over television or radio, or (b) any seminar or meeting to which such Purchaser was invited by any of the foregoing means of communications.

4.9 Independent Investment Decision. The Purchaser has independently evaluated the merits of its decision to purchase Securities pursuant to the Transaction Documents. The Purchaser has not relied on the business or legal advice of the Company or any of its agents, counsel or Affiliates in making its investment decision hereunder, and confirms that none of such Persons has made any representations or warranties to such Purchaser in connection with the transactions contemplated by the Transaction Documents other than as contained therein.

4.10 Exemption From Registration. Each Purchaser understands that the Securities are being offered and sold in reliance on a transactional exemption from the registration requirements of federal and state securities laws and the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of such Purchaser set forth herein in order to determine the applicability of such exemptions and the suitability of such Purchaser to acquire the Securities. The Purchaser understands that no Governmental Authority has passed upon or made any recommendation or endorsement of the Securities.

4.11 Certain Fees. The Purchaser has not employed any broker or finder or incurred any liability for any brokerage or investment banking fees, commissions, finders' structuring fees, financial advisory fees or other similar fees in connection with the transactions contemplated by this Agreement.

4.12 No Agreements. The Purchaser has not agreed to act with any other Person for the purpose of acquiring, holding, voting or disposing of the Securities purchased hereunder for purposes of Section 13(d) of the Exchange Act, and the Purchaser is acting independently with respect to its investment in the Securities.

ARTICLE V

COVENANTS

Unless otherwise specified in this Section, for so long as any Notes have not been paid in full or converted in full, or at least 750 shares of Preferred Stock remain outstanding, or, in the case of Sections 5.8, 5.12 and 5.13, for so long as the Purchaser owns any Securities, the Company covenants with the Purchaser as follows, which covenants are for the benefit of the Purchaser and their respective permitted assignees.

5.1 Registration and Listing. The Company shall cause its Common Stock to continue to be registered under Sections 12(b) or 12(g) of the Exchange Act, to comply in all respects with its reporting and filing obligations under the Exchange Act, to comply with all requirements related to any registration statement filed pursuant to this Agreement, and to not take any action or file any document (whether or not permitted by the Securities Act or the rules promulgated thereunder) to terminate or suspend such registration or to terminate or suspend its reporting and filing obligations under the Exchange Act or Securities Act, except as permitted herein. The Company will take all action necessary to continue the listing or trading of its Common Stock on the OTC Bulletin Board or other exchange or market on which the Common Stock is trading. Subject to the terms of the Transaction Documents, the Company further covenants that it will take such further action as the Purchaser may reasonably request, all to the extent required from time to time to enable the Purchaser to sell the Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 promulgated under the Securities Act. Upon the request of the Purchaser, the Company shall deliver to the Purchaser a written certification of a duly authorized officer as to whether it has complied with such requirements. Upon the request of the Purchaser and if not then listed, the Company will submit a listing (or similar) application for the Conversion Shares and the Warrant Shares on the principal exchange or trading market on which the Common Stock is then traded.

5.2 Inspection Rights. Provided same would not be in violation of Regulation FD, the Company shall permit, during normal business hours and upon reasonable request and reasonable notice, the Purchaser or any employees, agents or representatives thereof, so long as such Purchaser shall be obligated hereunder to purchase the Notes or Preferred Stock, or shall beneficially own any Conversion Shares or Warrant Shares, for purposes reasonably related to such Purchaser's interests as a stockholder, to examine the publicly available, non-confidential records and books of account of, and visit and inspect the properties, assets, operations and business of the Company and any Subsidiary, and to discuss the publicly available, non-confidential affairs, finances and accounts of the Company and any Subsidiary with any of its officers, consultants, directors, and key employees.

5.3 Compliance with Laws. The Company shall comply, and cause each Subsidiary to comply, with all applicable laws, rules, regulations and orders, noncompliance with which would be reasonably likely to have a Material Adverse Effect.

5.4 Recordkeeping and Books of Account. The Company shall keep and cause each Subsidiary to keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied, reflecting all financial transactions of the Company and its Subsidiaries, and in which, for each fiscal year, all proper reserves for depreciation, depletion, obsolescence, amortization, taxes, bad debts and other purposes in connection with its business shall be made.

5.5 Reporting Requirements. If the Company ceases to file its periodic reports with the Commission, or if the Commission ceases making these periodic reports available via the Internet without charge, then the Company shall furnish the following to the Purchaser so long as the Purchaser shall be obligated hereunder to purchase the Securities or shall beneficially own Notes or Preferred Stock:

(a) Quarterly Reports filed with the Commission on Form 10-QSB as soon as practical after the document is filed with the Commission, and in any event within five (5) days after the document is filed with the Commission;

(b) Annual Reports filed with the Commission on Form 10-KSB as soon as practical after the document is filed with the Commission, and in any event within five (5) days after the document is filed with the Commission; and

(c) Copies of all notices, information and proxy statements in connection with any meetings, that are, in each case, provided to holders of shares of Common Stock, contemporaneously with the delivery of such notices or information to such holders of Common Stock.

5.6 Other Agreements. The Company shall not enter into any agreement in which the terms of such agreement would materially restrict or impair the right or ability to perform of the Company or any Subsidiary under any Transaction Document.

5.7 Use of Proceeds. The proceeds from the sale of the Securities hereunder shall be used by the Company to repay the outstanding principal balance of and accrued interest on the 2004 Notes, redemption of the warrants issued in connection therewith, and for general working capital purposes.

5.8 Reporting Status. So long as the Purchaser beneficially owns any of the Securities, the Company shall timely file all reports required to be filed with the Commission pursuant to the Exchange Act, and the Company shall not terminate its status as an issuer required to file reports under the Exchange Act even if the Exchange Act or the rules and regulations thereunder would permit such termination.

5.9 Disclosure of Transaction. The Company shall issue a press release describing the material terms of the transactions contemplated hereby on the day of the Closing but in no event later than two hours after completion of the First Closing; *provided, however,* that if such Closing is completed after 3:00 P.M. Eastern Time on any Trading Day, the Company shall issue such press release no later than 9:00 A.M. Eastern Time on the first Trading Day following the Closing Date. The Company shall also file with the Commission a Current Report on Form 8-K describing the material terms of the transactions contemplated hereby (and attaching as exhibits thereto this Agreement, each form of Note, the Security Agreement, each series of Warrant and the Press Release) as soon as practicable following the Closing Date but in no event more than two (2) Trading Days following the Closing Date. Both the press release and Form 8-K referenced in this Section shall be subject to prior review and comment by the Purchaser.

5.10 Disclosure of Material Information. The Company covenants and agrees that neither it nor any other person acting on its behalf has provided or will provide the Purchaser or

its agents or counsel with any information that the Company believes constitutes material non-public information, unless prior thereto the Purchaser shall have executed a written agreement regarding the confidentiality and use of such information. The Company understands and confirms that the Purchaser shall be relying on the foregoing representations in effecting transactions in securities of the Company. In the event of a breach of the foregoing covenant by the Company, or any of its Subsidiaries, or any of its or their respective officers, directors, employees and agents, in addition to any other remedy provided herein or in the Transaction Documents, the Company shall publicly disclose any material, non-public information in a Form 8-K within five (5) Business Days of the date that it discloses such information to the Purchaser. In the event that the Company discloses any material, non-public information to the Purchaser and fails to publicly file a Form 8-K in accordance with the above, the Purchaser shall have the right to make a public disclosure, in the form of a press release, public advertisement or otherwise, of such material, nonpublic information without the prior approval by the Company, its Subsidiaries, or any of its or their respective officers, directors, employees or agents. The Purchaser shall have no liability to the Company, its Subsidiaries, or any of its or their respective officers, directors, employees, stockholders or agents, for any such disclosure.

5.11 Pledge of Securities. The Company acknowledges that the Securities may be pledged by the Purchaser in connection with a bona fide margin agreement or other loan or financing arrangement that is secured by the Securities. The pledge of Securities shall not be deemed to be a transfer, sale or assignment of the Securities hereunder, and the Purchaser effecting a pledge of the Securities shall not be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement or any other Transaction Document; *provided, however,* that the Purchaser and its pledgee shall be required to comply with the provisions of Article V hereof in order to effect a sale, transfer or assignment of Securities to such pledgee. At the Purchaser's expense, the Company hereby agrees to execute and deliver such documentation as a pledgee of the Securities may reasonably request in connection with a pledge of the Securities to such pledgee by the Purchaser.

5.12 Transfer Agent Instructions. The Company shall issue irrevocable instructions to its transfer agent, and any subsequent transfer agent, to issue certificates, registered in the name of the Purchaser or its nominee(s), for the Conversion Shares and the Warrant Shares in such amounts as specified from time to time by the Purchaser to the Company upon conversion of the Notes or Preferred Stock, or exercise of the Warrants, in the form of Exhibit L attached hereto (the "Irrevocable Transfer Agent Instructions"). Prior to registration of the Conversion Shares and the Warrant Shares under the Securities Act, all such certificates shall bear the restrictive legend specified in Section 4.3 of this Agreement, unless such Conversion Shares or Warrant Shares may be sold pursuant to Rule 144. The Company warrants that no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 4.3 will be given by the Company to its transfer agent and that the Conversion Shares and Warrant Shares shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Registration Rights Agreement. Nothing in this Section 5.12 shall affect in any way the Purchaser's obligations and agreements under applicable law to comply with all applicable prospectus delivery requirements, if any, upon resale of the Conversion Shares and the Warrant Shares. If the Purchaser provides the Company with an opinion of counsel, in a generally acceptable form, to the effect that a public sale, assignment or transfer of the Conversion Shares or Warrant Shares may be made without registration under the Securities Act

or the Purchaser provides the Company with reasonable assurances that the Conversion Shares or Warrant Shares can be sold pursuant to Rule 144 without any restriction as to the number of securities acquired as of a particular date that can then be immediately sold, the Company shall permit the transfer, and, in the case of the Conversion Shares and the Warrant Shares, promptly instruct its transfer agent to issue one or more certificates in such name and in such denominations as specified by such Purchaser and without any restrictive legend.

5.13 Legend Removal; Rule 144. The Company will provide, at the Company's expense, such legal opinions in the future as are reasonably necessary for the issuance and resale of the Common Stock issuable upon conversion of the Notes and the Preferred Stock and exercise of the Warrants pursuant to an effective registration statement, Rule 144 under the Securities Act or an exemption from registration. In the event that Common Stock is sold in a manner that complies with an exemption from registration, the Company will promptly instruct its counsel (at its expense) to issue to the transfer agent an opinion permitting removal of the legend (indefinitely, if under Rule 144, such shares of Common Stock may be sold without regards to volume limitations or the availability of current public information concerning the Company, or to otherwise permit sale of the shares if pursuant to the other provisions of Rule 144).

5.14 Variable Rate Securities. Without the prior written consent of the holders of a majority of the outstanding principal balance of the Notes, the Company shall not issue or sell, or agree to issue or sell Variable Equity Securities (as defined below) (the "Variable Equity Securities Lock-Up"). For purposes hereof, the following shall be collectively referred to herein as, the "Variable Equity Securities": (A) any debt or equity securities which are convertible into, exercisable or exchangeable for, or carry the right to receive additional shares of Common Stock either (1) at any conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for Common Stock at any time after the initial issuance of such debt or equity security, or (2) with a fixed conversion, exercise or exchange price that is subject to being reset at some future date at any time after the initial issuance of such debt or equity security due to a change in the market price of the Company's Common Stock since date of initial issuance, or (B) any amortizing convertible security which amortizes prior to its maturity date, where the Company is required to or has the option to (or the investor in such transaction has the option to require the Company to) make such amortization payments in shares of Common Stock (whether or not such payments in stock are subject to certain equity conditions), or (C) any transaction involving a written agreement between the Company and an investor or underwriter whereby the Company has the right to "put" its securities to the investor or underwriter over an agreed period of time and at an agreed price or price formula; *provided however,* that the limitation contained in clause (C) above shall no longer apply upon and after the date of the Third Closing. For purposes of the above, the "Market Price" shall mean the volume weighted average price, as reported by Bloomberg Financial Markets ("Bloomberg"), for the Common Stock for the 5 trading day period immediately preceding the date in question.

5.15 Ethicon Agreement. The Company has granted a security interest in, among other things, all Accounts (as defined in the Security Agreement) including all rights to payment of sums due and owing, including royalty payments under the Distribution Agreement (the "Ethicon Agreement") between the Company and Ethicon Endo-Surgery, Inc. ("Ethicon"). Upon and after an Event of Default under the Notes, the Purchaser shall have full control and

dominion over the account identified in the Account Control Agreement in accordance with the terms of the Account Control Agreement. All payments made to the Company pursuant to the Ethicon Agreement shall be made to the account identified in the Account Control Agreement. In no event shall the Company amend, modify or terminate the Ethicon Agreement so as to materially and adversely affect the ability of the Company to repay the Notes; further, the Company covenants and agrees that, to the extent it receives any payment in connection with any amendment, modification or termination, it shall hold such payment in trust for the benefit of the holders of the Notes. The Company shall, by April 1, 2008, deliver to the Purchaser the Instruction Letter attached hereto as Exhibit M (the "Instruction Letter") executed by each of the Company and Ethicon.

ARTICLE VI

CONDITIONS TO CLOSINGS

6.1 Conditions Precedent to the Obligation of the Company to Close and to Sell the Securities. The obligation hereunder of the Company to close and issue and sell the Securities to the Purchaser at each Closing is subject to the satisfaction or waiver, at or before such Closing of the conditions set forth below. These conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion.

(a) Accuracy of the Purchaser's Representations and Warranties. The representations and warranties of the Purchaser shall be true and correct in all material respects as of the date when made and as of the applicable Closing Date as though made at that time, except for representations and warranties that are expressly made as of a particular date, which shall be true and correct in all material respects as of such date.

(b) Performance by the Purchaser. The Purchaser shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Purchaser at or prior to the applicable Closing Date.

(c) No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement.

(d) Delivery of Purchase Price. The Purchase Price for the Securities to be purchased at the Closing shall have been delivered to the Company on the applicable Closing Date.

(e) Delivery of Transaction Documents. The Transaction Documents which by their terms are required to be executed and delivered at or before the Closing shall have been duly executed and delivered by the Purchaser to the Company.

6.2 Conditions Precedent to the Obligation of the Purchaser to Close and to Purchase the Securities. The obligation hereunder of the Purchaser to purchase the Securities and consummate the transactions contemplated by this Agreement at each Closing is subject to the

satisfaction or waiver, at or before such Closing, of each of the conditions set forth below. These conditions are for the Purchaser's sole benefit and may be waived by the Purchaser at any time in its sole discretion.

(a) Accuracy of the Company's Representations and Warranties. Each of the representations and warranties of the Company in this Agreement and the other Transaction Documents shall be true and correct in all material respects as of the Closing Date, except for representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date.

(b) Performance by the Company. The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement or the other Transaction Documents to be performed, satisfied or complied with by the Company at or prior to the applicable Closing Date, and no default or event of default shall have occurred under any of the Transaction Documents prior to the applicable Closing Date.

(c) No Suspension, Etc. Trading in the Common Stock shall not have been suspended by the Commission or the OTC Bulletin Board, and, at any time prior to the Closing Date, trading in securities generally as reported by Bloomberg shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by Bloomberg, or on the New York Stock Exchange, nor shall a banking moratorium have been declared either by the United States or New York State authorities, nor shall there have occurred any material outbreak or escalation of hostilities or other national or international calamity or crisis of such magnitude in its effect on, or any material adverse change in any financial market which, in each case, in the judgment of such Purchaser, makes it impracticable or inadvisable to purchase the Securities.

(d) No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement.

(e) No Proceedings or Litigation. No action, suit or proceeding before any arbitrator or any Governmental Authority shall have been commenced, and no investigation by any Governmental Authority shall have been threatened, against the Company or any Subsidiary, or any of the officers, directors or affiliates of the Company or any Subsidiary seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking damages in connection with such transactions.

(f) Opinion of Counsel. The Purchaser shall have received an opinion of counsel to the Company, dated the date of the applicable Closing Date, substantially in the form of Exhibit N hereto, with such exceptions and limitations as shall be reasonably acceptable to counsel to the Purchaser.

(g) Delivery of Transaction Documents. The Company and the Subsidiaries, as applicable, shall have duly executed and delivered to the Purchaser this Agreement, the

Security Agreement, the IP Security Agreement, the Account Control Agreement and the Registration Rights Agreement. The Company shall have provided evidence of filing and acceptance of the Certificate of Designations with the Secretary of State of the State of Delaware

(h) Additional Conditions to the First Closing. The outstanding principal balance and accrued interest on the 2004 Notes shall have been paid in full, and provision shall have been made to the Purchaser's reasonable satisfaction for the release of all Liens securing the 2004 Notes upon or promptly after the First Closing, the parties thereto shall have entered into the Intercreditor Agreement, and (iii) UCC Financing Statement 3087010 8 (filed with the Secretary of State of the State of Delaware), naming David C. Bupp and Donald Garlikov as secured parties, shall have been terminated..

(i) Additional Conditions to the Second Closing. The First Closing shall have occurred, the Purchaser shall have received notice by the Company of commencement of patient enrollment in the Phase 3 clinical trials of Lymphoseek (defined as first patient dosed with Lymphoseek), and no Event of Default shall have occurred and be continuing with respect to the Series A Note or the other Transaction Documents. Further, as an additional condition of the Purchaser's obligations to purchase the Securities at the Second Closing, the Company and Ethicon shall have executed the Instruction Letter.

(j) Additional Conditions to the Third Closing. (i) The Second Closing shall have occurred, (ii) 200 evaluable patients shall have been accrued who have completed surgery and injection of the drug in the Phase 3 clinical trials of Lymphoseek (NEO3-01B and NEO3-01M), (iii) the Company and the Purchaser shall have determined in good faith from a review of the trial data from such patients that the primary objective of efficacy of Lymphoseek in such patients, *i.e.,* the concordance of in-vivo detection rate of Lymphoseek and Vital Blue Dye in tumor-draining sentinel lymph nodes as confirmed by pathology in at least eighty-five percent (85%) of such patients, has been achieved, and (iv) no Event of Default shall have occurred and be continuing with respect to the Notes or the other Transaction Documents.

(k) Notes and Warrants.

(i) At or prior to the First Closing, the Company shall have delivered to the Purchaser the Series A Note and the Series W Warrant.

(ii) At or prior to the Second Closing, the Company shall have delivered to the Purchaser the Series B Note and the Series X Warrant.

(iii) At or prior to the Third Closing, the Company shall have delivered to the Purchaser the Preferred Stock and the Series Y Warrant.

(l) Secretary's Certificate. The Company shall have delivered to the Purchaser a secretary's certificate, dated as of the applicable Closing Date, as to (i) the resolutions adopted by the Board approving the transactions contemplated hereby, (ii) the Certificate of Incorporation, (iii) the By-laws, each as in effect at such Closing, and (iv) the authority and incumbency of the officers of the Company executing the Transaction Documents and any other documents required to be executed or delivered in connection therewith.

(m) Officer's Certificate. On each Closing Date, the Company shall have delivered to the Purchaser a certificate signed by an executive officer on behalf of the Company, dated as of such Closing Date, confirming the accuracy of the Company's representations, warranties and covenants as of such Closing Date and confirming the compliance by the Company with the conditions precedent set forth in paragraphs (a)-(e) and (l) of this Section 6.2 as of such Closing Date (provided that, with respect to the matters in paragraphs (d) and (e) of this Section 6.2, such confirmation shall be based on the knowledge of the executive officer after due inquiry).

(n) Material Adverse Effect. No Material Adverse Effect shall have occurred.

(o) Transfer Agent Instructions. The Irrevocable Transfer Agent Instructions, in the form of Exhibit M attached hereto, shall have been delivered to and executed by the Company's transfer agent, and delivered to the Purchaser's counsel to be held in escrow pending the Closing.

(p) UCC Financing Statements. The Company shall have authorized the filing of all UCC financing statements in form and substance satisfactory to the Purchaser at the appropriate offices to create a valid and perfected security interest in the Collateral (as defined in the Security Agreement), which filings are to be made promptly following Closing.

ARTICLE VII

INDEMNIFICATION

7.1 General Indemnity. The Company agrees to indemnify and hold harmless the Purchaser and Purchaser Affiliates from and against any and all losses, liabilities, deficiencies, costs, damages and expenses (including, without limitation, reasonable attorneys' fees, charges and disbursements) incurred by the them as a result of any inaccuracy in or breach of the representations, warranties or covenants made by the Company herein; *provided, however,* that the Company shall not be liable under this Section 7.1 to an indemnified party: (a) to the extent that it is finally judicially determined that such losses, liabilities, deficiencies, costs, damages and expenses resulted primarily from the willful misconduct or gross negligence of such indemnified party or (b) to the extent that it is finally judicially determined that such losses, liabilities, deficiencies, costs, damages and expenses resulted primarily from the breach by any indemnified party of any representation, warranty, covenant or other agreement of such indemnified party contained in this Agreement.

7.2 Indemnification Procedure. Any party entitled to indemnification under this Article VII (an "indemnified party") will give written notice to the indemnifying party of any matter giving rise to a claim for indemnification; provided, that the failure of any party entitled to indemnification hereunder to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Article VII except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action, proceeding or claim is brought against an indemnified party in respect of which indemnification is sought hereunder, the indemnifying party shall be entitled to participate in and, unless in the reasonable judgment of the indemnifying party a conflict of interest between it and the indemnified party exists with

respect to such action, proceeding or claim (in which case the indemnifying party shall be responsible for the reasonable fees and expenses of one separate counsel for the indemnified parties), to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. In the event that the indemnifying party advises an indemnified party that it will contest such a claim for indemnification hereunder, or fails, within thirty (30) days of receipt of any indemnification notice to notify, in writing, such person of its election to defend, settle or compromise, at its sole cost and expense, any action, proceeding or claim (or discontinues its defense at any time after it commences such defense), then the indemnified party may, at its option, defend, settle or otherwise compromise or pay such action or claim. In any event, unless and until the indemnifying party elects in writing to assume and does so assume the defense of any such claim, proceeding or action, the indemnified party's costs and expenses arising out of the defense, settlement or compromise of any such action, claim or proceeding shall be losses subject to indemnification hereunder. The indemnified party shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such action or claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the indemnified party which relates to such action or claim. The indemnifying party shall keep the indemnified party fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. If the indemnifying party elects to defend any such action or claim, then the indemnified party shall be entitled to participate in such defense with counsel of its choice at its sole cost and expense. The indemnifying party shall not be liable for any settlement of any action, claim or proceeding effected without its prior written consent. Notwithstanding anything in this Article VII to the contrary, the indemnifying party shall not, without the indemnified party's prior written consent, settle or compromise any claim or consent to entry of any judgment in respect thereof which imposes any future obligation on the indemnified party or which does not include, as an unconditional term thereof, the giving by the claimant or the plaintiff to the indemnified party of a release from all liability in respect of such claim. The indemnification obligations to defend the indemnified party required by this Article VII shall be made by periodic payments of the amount thereof during the course of investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred, so long as the indemnified party shall refund such moneys if it is ultimately determined by a court of competent jurisdiction that such party was not entitled to indemnification.

7.3 Registration Rights. Notwithstanding anything to the contrary in this Article VII, the indemnification and contribution provisions of the Registration Rights shall govern any claim made with respect to registration statements filed pursuant thereto or sales made thereunder.

ARTICLE VIII

[RESERVED]

ARTICLE IX

MISCELLANEOUS

9.1 Fees and Expenses. Each party shall pay the fees and expenses of its advisors, counsel, accountants and other experts, if any, and all other expenses, incurred by such party

incident to the negotiation, preparation, execution, delivery and performance of this Agreement; provided, however, that the Company shall pay to the Purchaser in connection with (i) the preparation, negotiation, execution and delivery of the Transaction Documents and the transactions contemplated thereunder, which payment shall be in the amount of $30,000 (which payment has been made by the Company prior to the First Closing), (ii) any amendments, modifications or waivers of this Agreement or any of the other Transaction Documents Documents, and (iii) any filing fees associated with Financing Statements or the recording of security interests in intellectual property at the United States Patent and Trademark Office. In addition, the Company shall pay all reasonable fees and expenses incurred by the Purchaser in connection with the enforcement of this Agreement or any of the other Transaction Documents, including, without limitation, all reasonable attorneys' fees and expenses, subject, in the case of any suit, action or proceeding to enforce the Transaction Documents, to Section 9.2(b).

9.2 Specific Performance; Consent to Jurisdiction; Venue.

(a) The Company and the Purchaser acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement or the other Transaction Documents were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement or the other Transaction Documents and to enforce specifically the terms and provisions hereof or thereof, this being in addition to any other remedy to which any of them may be entitled by law or equity.

(b) Each party to this Agreement hereby irrevocably agrees that the any legal action or proceeding arising out of or relating to this Agreement or the other Transaction Documents (including without limitation the Securities) and any agreements or transactions contemplated hereby or thereby may be brought in the Courts of New York County, New York or of the United States of America for the Southern District of New York and hereby expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and expressly waives any claim of improper venue and any claim that such courts are an inconvenient forum. Each party hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, at the address in effect for notices to it under this Agreement, such service to become effective ten (10) days after such mailing. Nothing in this Section 9.2 shall affect or limit any right to serve process in any other manner permitted by law. The Company and the Purchaser hereby agree that the prevailing party in any suit, action or proceeding arising out of or relating to the Securities, this Agreement or the other Transaction Documents, shall be entitled to reimbursement for reasonable legal fees from the non-prevailing party. The parties hereby waive all rights to a trial by jury.

9.3 Entire Agreement; Amendment. This Agreement and the Transaction Documents contain the entire understanding and agreement of the parties with respect to the matters covered hereby and, except as specifically set forth herein or in the other Transaction Documents, neither the Company nor the Purchaser make any representation, warranty, covenant or undertaking with respect to such matters, and they supersede all prior understandings and agreements with respect to said subject matter, all of which are merged herein. No provision of this Agreement may be waived or amended other than by a written instrument signed by the Company and the holders of

at least a majority of the principal amount of the Notes and shares of Preferred Stock then outstanding. Any amendment or waiver effected in accordance with this Section 9.3 shall be binding upon the Purchaser (and its permitted assigns) and the Company.

9.4 Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery by telecopy or facsimile at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Company:	Neoprobe Corporation 425 Metro Place North, Suite 300 Dublin, Ohio 43017-1367 Facsimile No.: (614) 793-7520 Attention: David C. Bupp, Chief Executive Officer and President
with copies (which copies shall not constitute notice to the Company) to:	Porter, Wright, Morris & Arthur, LLP 41 South High Street, Suite 2800 Columbus, Ohio 43215 Telecopier No.: (614) 227-2100 Attention: William J. Kelly, Jr., Esq.
If to the Purchaser:	Platinum-Montaur Life Sciences, LLC 152 West 57th Street, 54th Floor, New York, New York 10019 Attention: Michael Goldberg, M.D.
with copies (which copies shall not constitute notice to the Purchaser) to:	Burak Anderson & Melloni, PLC 30 Main Street, PO Box 787 Burlington, Vermont 05402-0787 Facsimile No.: (802) 862-8176 Attention: Shane W. McCormack

Any party hereto may from time to time change its address for notices by giving written notice of such changed address to the other party hereto.

9.5 Waivers. No waiver by either party of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the

future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

9.6 Headings. The article, section and subsection headings in this Agreement are for convenience only and shall not constitute a part of this Agreement for any other purpose and shall not be deemed to limit or affect any of the provisions hereof.

9.7 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. Subject to applicable securities laws and any restrictions contained herein, the Purchaser may assign any of its respective rights under any of the Transaction Documents to any Person, and any holder of a Note, shares of Preferred Stock, a Warrant or any Conversion Shares or Warrant Shares may assign, in whole or in part, such Note, shares of Preferred Stock, a Warrant or any Conversion Shares or Warrant Shares to any Person. The Company may not assign any of its rights, or delegate any of its obligations, under this Agreement without the prior written consent of the Purchaser, and any such purported assignment by the Company without the written consent of the Purchaser shall be void and of no effect.

9.8 No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

9.9 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to any of the conflicts of law principles which would result in the application of the substantive law of another jurisdiction, except to the extent that the General Corporation Law of the State of Delaware shall apply.

9.10 Survival. The representations and warranties of the Company and the Purchaser contained in Articles III and IV shall survive the execution and delivery hereof and the Closing until the third anniversary of the Closing Date. The agreements and covenants set forth herein shall survive the execution and delivery hereof and Closing hereunder.

9.11 Counterparts. Electronic transmissions or retransmissions of images of any executed original document shall be deemed to be the same as the delivery of an executed original. At the request of any party hereto, the other parties hereto shall confirm such electronic transmissions by executing duplicate original documents and delivering the same to the requesting party or parties. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement, it being understood that all parties need not sign the same counterpart.

9.12 Publicity. The Company agrees that it will not disclose, and will not include in any public announcement, the name of the Purchaser without the consent of the Purchaser, which consent shall not be unreasonably withheld or delayed, or unless and until such disclosure is required by law, rule or applicable regulation, including without limitation any disclosure

pursuant to the Registration Statement, and then only to the extent of such requirement. Notwithstanding the foregoing, the Purchaser consents to being identified in any filings the Company makes with the Commission to the extent required by law or the rules and regulations of the Commission.

9.13 Severability. The provisions of this Agreement are severable and, in the event that any court of competent jurisdiction shall determine that any one or more of the provisions or part of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement and this Agreement shall be reformed and construed as if such invalid or illegal or unenforceable provision, or part of such provision, had never been contained herein, so that such provisions would be valid, legal and enforceable to the maximum extent possible.

9.14 Further Assurances. From and after the date of this Agreement, upon the request of the Purchaser or the Company, the Company and the Purchaser shall execute and deliver such instruments, documents and other writings and perform such further acts as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement and the other Transaction Documents.

9.15 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and the other Transaction Documents. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement or any Transaction Document, this Agreement or such other Transaction Document shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement or any other Transaction Document.

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized officers as of the date first above written.

[Signature Page Follows]

NEOPROBE CORPORATION

By: /s/ David C. Bupp
Name: David C. Bupp
Title: President & Chief Executive Officer

PURCHASER:

PLATINUM-MONTAUR LIFE SCIENCES, LLC

By: /s/ Michael Goldberg
Name: Michael Goldberg
Title: Portfolio Manager

Exhibit 10.2

THIS NOTE AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR RECEIPT BY THE MAKER OF AN OPINION OF COUNSEL IN THE FORM, SUBSTANCE AND SCOPE REASONABLY SATISFACTORY TO THE MAKER THAT THIS NOTE AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF, UNDER AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND SUCH STATE SECURITIES LAWS.

NEOPROBE CORPORATION

10% Series A Senior Secured Convertible Promissory Note
due December 26, 2011

No: 1 $7,000,000.00
Dated: December 26, 2007

For value received, NEOPROBE CORPORATION, a Delaware corporation (the "Maker"), hereby promises to pay to the order of Platinum-Montaur Life Sciences, LLC, 152 West 57th Street, New York, NY 10019 (together with its successors, representatives and permitted assigns, the "Holder"), in accordance with the terms hereinafter provided, the principal amount of Seven Million and 00/100 Dollars ($7,000,000), together with interest thereon. This Note is being issued pursuant to the Purchase Agreement (as defined in Section 1.1 hereof). Upon satisfaction of conditions set forth in the Purchase Agreement, the Maker may issue to the Holder the Maker's 10% Series B Senior Secured Convertible Promissory Note ("Series B Note") and shares of the Maker's 8% Series A Convertible Preferred Stock ("Preferred Stock"). The Series A Note and the Series B Note are collectively referred to herein as the "Notes."

All payments under or pursuant to this Note shall be made in United States Dollars in immediately available funds to the Holder at the address of the Holder first set forth above or at such other place as the Holder may designate from time to time in writing to the Maker or by wire transfer of funds to the Holder's account, instructions for which are attached hereto as Exhibit A. The outstanding principal balance of this Note shall be due and payable on December 26, 2011 (the "Maturity Date") or at such earlier time as provided herein.

ARTICLE I

PAYMENT TERMS

1.1 Purchase Agreement. This Note has been executed and delivered pursuant to the Securities Purchase Agreement, dated as of December 26, 2007 (the "Purchase Agreement "), by and among the Maker and the purchasers listed therein. Capitalized terms used and not otherwise defined herein shall have the meanings set forth for such terms in the Purchase Agreement.

1.2 Interest. Beginning on the issuance date of this Note (the "Issuance Date"), the outstanding principal balance of this Note shall bear interest, in arrears, at a rate per annum equal to ten percent (10%), payable monthly on the first day of each calendar month (each, an "Interest Payment Date") commencing February 1, 2008, at the option of the Maker in (A) cash or (B) in registered shares of Common Stock; *provided, however,* (i) payment of interest in shares of Common Stock may only occur if during the 20 Trading Days immediately prior to the applicable Interest Payment Date and through and including the date such shares of Common Stock are issued to the Holder all of the Equity Conditions, unless waived by the Holder in writing, have been met and the Maker shall have given the Holder notice in accordance with the notice requirements set forth below, and (ii) as to such Interest Payment Date, on or prior to such Interest Payment Date, the Maker shall have delivered to the Holder's account with The Depository Trust Company a number of shares of Common Stock to be applied against such interest payment equal to the quotient of (x) the applicable interest payment divided by (y) 90% of the average VWAP for the five (5) Trading Days immediately preceding the Interest Payment Date. Interest shall be computed on the basis of a 360-day year of twelve (12) 30-day months, shall compound monthly and shall accrue commencing on the Issuance Date. Furthermore, upon the occurrence of an Event of Default (as defined in Section 2.1 hereof), the Maker will pay interest to the Holder, payable on demand, on the outstanding principal balance of and unpaid interest on the Note from the date of the Event of Default until such Event of Default is cured at the rate of the lesser of thirteen percent (13%) and the maximum applicable legal rate per annum. Notwithstanding the above, the Maker may not issue a number of shares of Common Stock in excess of the Maximum Monthly Interest Share Amount toward the payment of Interest, as to all outstanding Series A Notes and Series B Notes, in the aggregate, during any rolling twenty (20) Trading Day period. For purposes hereof, "Maximum Monthly Interest Share Amount" means 20% of the aggregate dollar trading volume (as reported on Bloomberg) of the Common Stock on the principal Trading Market over the twenty (20) consecutive Trading Day period immediately prior to the applicable Interest Payment Date.

1.3 Payment of Principal; No Prepayment. The Principal Amount hereof shall be paid in full on the Maturity Date or, if earlier, upon acceleration of this Note in accordance with the terms hereof. Any amount of principal repaid hereunder may not be reborrowed. The Maker may not prepay any portion of the principal amount of this Note without the prior written consent of the Holder, which may be withheld in the Holder's sole and absolute discretion; *provided, however*, that the Maker may prepay the principal balance of this Note (together with accrued and unpaid interest on such prepaid amount) that is not convertible (determined without giving effect to the limitations on conversion set forth in Section 3.4 hereof) into Common Stock under Section 3.1 at any time upon ten (10) business days' prior written notice to the Holder.

1.4 Security Agreement. The obligations of the Maker hereunder are secured by a continuing security interest in certain assets of the Maker pursuant to the terms of a Security Agreement dated as of December 26, 2007 by and between the Maker and the Holder, a Patent, Trademark and Copyright Security Agreement, dated as of December 26, 2007, by and among the Maker and the Maker's subsidiaries, on the one hand, and the Holder, on the other hand, and a Blocked Account Control Agreement ("Account Control Agreement") among the Maker, the Holder and U.S. Bank National Association ("Bank"), pursuant to the terms of Section 5.15 of the Purchase Agreement.

1.5 Payment on Non-Business Days. Whenever any payment to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the State of New York, such payment may be due on the next succeeding business day and such next succeeding day shall be included in the calculation of the amount of accrued interest payable on such date.

1.6 Transfer. This Note may be transferred or sold, subject to the provisions of Section 5.8 hereof, or pledged, hypothecated or otherwise granted as security by the Holder.

1.7 Replacement. Upon receipt of a duly executed, notarized and unsecured written statement from the Holder with respect to the loss, theft or destruction of this Note (or any replacement hereof) and a standard indemnity, or, in the case of a mutilation of this Note, upon surrender and cancellation of such Note, the Maker shall issue a new Note, of like tenor and amount, in lieu of such lost, stolen, destroyed or mutilated Note.

1.8 Use of Proceeds. The Maker shall use the proceeds of this Note as set forth in the Purchase Agreement.

1.9 Allocation of Payments. All payments to each of the Series A Holders under the Series A Notes shall be made pro rata among the Series A Holders based upon the aggregate unpaid principal amount of the Series A Notes held by them.

ARTICLE II

EVENTS OF DEFAULT; REMEDIES

2.1 Events of Default. The occurrence of any of the following events shall be an "Event of Default" under this Note:

(a) any default in the payment of (i) the principal amount hereunder when due, or (ii) interest on, or liquidated damages in respect of, this Note, as and when the same shall become due and payable (whether on the Maturity Date or by acceleration or otherwise); or

(b) the suspension from listing, without subsequent listing on any one of, or the failure of the Common Stock to be listed on at least one of the OTC Bulletin Board, the American Stock Exchange, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or The New York Stock Exchange, Inc. for a period of more than five (5) consecutive Trading Days; or

(c) the Maker shall fail to (i) timely deliver the shares of Common Stock upon conversion of the Note or any interest accrued and unpaid, (ii) file a Registration Statement in accordance with the terms of the Registration Rights Agreement or (iii) make the payment of any fees or other payments due under this Note, the Purchase Agreement, the Registration Rights Agreement or the other Transaction Documents, which failure is not remedied within five (5) business days after such performance is due; or

(d) while the Registration Statement is required to be maintained effective pursuant to the terms of the Registration Rights Agreement, the effectiveness of the Registration Statement (as defined in the Registration Rights Agreement) lapses for any reason (including,

without limitation, the issuance of a stop order) or is unavailable to the Holder for sale of the Registrable Securities (as defined in the Registration Rights Agreement) as provided in the Registration Rights Agreement (other than as a result of any breach of the Registration Rights Agreement or violation of law by any holder of the Notes, or their agents or Affiliates), and such lapse or unavailability continues for a period of ten (10) consecutive Trading Days, provided that the Maker has not exercised its rights pursuant to Section 3(n) of the Registration Rights Agreement; or

(e) default shall be made in the performance or observance of (i) any covenant, condition or agreement contained in this Note (other than is set forth in (a) through (d) above) and such default is not cured within ten (10) days after the earlier of (A) the date the Maker receives notice from the Holder of the occurrence thereof or (B) the date on which the Maker knew or should have known, if it had exercised reasonable diligence, of such default, or (ii) any material covenant, condition or agreement contained in the Purchase Agreement, Registration Rights Agreement, the Series B Note, or any other Transaction Document that is not covered by any other provisions of this Section 2.1 and such default is not cured within ten (10) days after the earlier of (A) the date the Maker receives notice from the Holder of the occurrence thereof or (B) the date on which the Maker knew or should have known, if it had exercised reasonable diligence, of such default; or

(f) any material representation or warranty made by the Maker herein or in the Purchase Agreement, the Series B Note or any other Transaction Document shall prove to have been false or incorrect or breached in a material respect on the date as of which made; or

(g) the Maker shall (i) default in any payment of any amount or amounts of principal of or interest on any Indebtedness (other than the Indebtedness hereunder) the aggregate principal amount of which Indebtedness, in the aggregate, exceeds $100,000, which default entitles the holder or holders of such Indebtedness to accelerate the maturity thereof, or (ii) default in the observance or performance of any other agreement or condition relating to any Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, which default, event or condition continues beyond any applicable cure period, and the effect of which default, event or condition is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Indebtedness to cause with the giving of notice if required, such Indebtedness to become due prior to its stated maturity; or

(h) the Maker shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property or assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect) or under the comparable laws of any jurisdiction (foreign or domestic), (iv) file a petition seeking to take advantage of any bankruptcy, insolvency, moratorium, reorganization or other similar law affecting the enforcement of creditors' rights generally, (v) acquiesce in writing to any petition filed against it in an involuntary case under United States Bankruptcy Code (as now or hereafter in effect) or under the comparable laws of any jurisdiction (foreign or domestic), (vi) admit in writing its inability to pay its debts as they become due, or

(vii) take any action under the laws of any jurisdiction (foreign or domestic) analogous to any of the foregoing; or

(i) a proceeding or case shall be commenced in respect of the Maker, without its application or consent, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, moratorium, dissolution, winding up, or composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or any substantial part of its assets in connection with the liquidation or dissolution of the Maker, or (iii) similar relief in respect of it under any law providing for the relief of debtors, and such proceeding or case described in clause (i), (ii) or (iii) shall continue undismissed, or unstayed and in effect, for a period of sixty (60) days or any order for relief shall be entered in an involuntary case under United States Bankruptcy Code (as now or hereafter in effect) or under the comparable laws of any jurisdiction (foreign or domestic) against the Maker or action under the laws of any jurisdiction (foreign or domestic) analogous to any of the foregoing shall be taken with respect to the Maker and shall continue undismissed, or unstayed and in effect for a period of sixty (60) days; or

(j) at any point after the accrual of 200 evaluable patients who have completed surgery and injection of the drug in the Phase 3 clinical trials of Lymphoseek (NEO3-01B and NEO3-01M), the failure of Maker to achieve the primary objective in such trials of efficacy of Lymphoseek, which is the concordance of in-vivo detection rate of Lymphoseek and Vital Blue Dye in tumor-draining sentinel lymph nodes as confirmed by pathology in at least eighty-five percent (85%) of such patients, determined in good faith by the Company and the Holder following a review of the trial data; or

(k) the Bank shall provide written notice to the Maker or Holder of the Bank's termination of the Account Control Agreement, and the Maker does not within forty-five (45) days following such notice (i) establish a replacement blocked account pursuant to Section 5.15 of the Purchase Agreement with another financial institution, on substantially the same terms contained in the Account Control Agreement, or as otherwise reasonably acceptable to Maker and Holder (the "Replacement Account"), (ii) transfer all funds held in the account subject to the Account Control Agreement to the Replacement Account, and (iii) provide evidence to the Holder that an instruction letter, substantially in the form of the Instruction Letter attached as Exhibit M to the Purchase Agreement, has been executed by each of the Maker and Ethicon, irrevocably instructing Ethicon to make payments under the Ethicon Agreement to the Replacement Account; or

(l) the occurrence of any default or event of default under any other Note or the failure by the Maker to comply with its material obligations under the Certificate of Designations governing the terms of the Preferred Stock.

2.2 Remedies Upon An Event of Default. If an Event of Default shall have occurred and shall be continuing, the Holder of this Note may at any time at its option declare the entire unpaid principal balance of this Note, together with all interest accrued hereon, due and payable, and thereupon, the same shall be accelerated and so due and payable, without presentment, demand, protest, or notice, all of which are hereby expressly unconditionally and irrevocably waived by the Maker; *provided, however,* that upon the occurrence of an Event of Default

described above, the Holder, in its sole and absolute discretion, may (a) demand that the entire principal amount of this Note then outstanding and all accrued and unpaid interest thereon shall be converted into shares of Common Stock at the Conversion Price per share on the Trading Day immediately preceding the date the Holder demands conversion pursuant to this clause, or (b) exercise or otherwise enforce any one or more of the Holder's rights, powers, privileges, remedies and interests under this Note (including, if applicable, pursuant to Section 3.7 hereof), the Purchase Agreement, the Registration Rights Agreement or applicable law. No course of delay on the part of the Holder shall operate as a waiver thereof or otherwise prejudice the right of the Holder. No remedy conferred hereby shall be exclusive of any other remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise. No notice or other action of Holder shall be required in the case of an Event of Default set forth in Sections 2.1(h) or (i), and, in such event, the outstanding principal balance and accrued interest hereunder shall be automatically due and payable.

ARTICLE III

CONVERSION; ANTIDILUTION

3.1 Conversion Option. At any time and from time to time on or after the Issuance Date, up to fifty percent (50%) of the outstanding principal balance of this Note (the "Conversion Amount") shall be convertible (in whole or in part), at the option of the Holder (the "Conversion Option"), into such number of fully paid and non-assessable shares of Common Stock (the "Conversion Rate") as is determined by dividing (x) that portion of the Conversion Amount as of such date that the Holder elects to convert by (y) the Conversion Price (as defined in Section 3.2 hereof) then in effect on the date on which the Holder faxes a notice of conversion (the "Conversion Notice"), duly executed, to the Maker (facsimile number (614) 793-7520, Attn.: Brent L. Larson, Vice President — Finance) (the "Conversion Date"); *provided, however,* that the Conversion Price shall be subject to adjustment as described in Section 3.5 below. The Holder shall deliver this Note to the Maker at the address designated in the Purchase Agreement at such time that this Note is fully converted. With respect to partial conversions of this Note, the Maker shall keep written records of the amount of this Note converted as of each Conversion Date.

3.2 Conversion Price. The term "Conversion Price" shall mean $0.26, subject to adjustment under Section 3.5 hereof.

3.3 Mechanics of Conversion.

(a) Not later than three (3) Trading Days after any Conversion Date, the Maker or its designated transfer agent, as applicable, shall issue and deliver to the Depository Trust Company ("DTC") account on the Holder's behalf via the Deposit Withdrawal Agent Commission System ("DWAC") as specified in the Conversion Notice, the number of shares of Common Stock to which the Holder shall be entitled upon such conversion, registered in the name of the Holder or its designee. In the alternative, not later than three (3) Trading Days after any Conversion Date, the Maker shall deliver to the applicable Holder by express courier a certificate or certificates which shall be free of restrictive legends and trading restrictions (other than those required pursuant to the Purchase Agreement) representing the number of shares of Common Stock being acquired upon the conversion of this Note (the "Delivery Date").

Notwithstanding the foregoing to the contrary, the Maker or its transfer agent shall only be obligated to issue and deliver the shares to the DTC on the Holder's behalf via DWAC (or certificates free of restrictive legends) if such conversion is in connection with a sale by the Holder and the Holder has complied with the applicable prospectus delivery requirements or an exemption from such registration requirements (each as evidenced by documentation furnished to and reasonably satisfactory to the Maker). If in the case of any Conversion Notice such certificate or certificates are not delivered to or as directed by the Holder by the Delivery Date, the Holder shall be entitled by written notice to the Maker at any time on or before its receipt of such certificate or certificates thereafter, to rescind such conversion, in which event the Maker shall immediately return this Note tendered for conversion, whereupon the Maker and the Holder shall each be restored to their respective positions immediately prior to the delivery of such notice of revocation, except that any amounts described in Sections 3.3(b) and (c) shall be payable through the date notice of rescission is given to the Maker.

(b) The Maker understands that a delay in the delivery of the shares of Common Stock upon conversion of this Note beyond the Delivery Date could result in economic loss to the Holder. If the Maker fails to deliver to the Holder such shares via DWAC (or, if applicable, certificates), or fails to deliver unlegended certificates representing such shares if required pursuant to Section 3.3(a) hereof, by the Delivery Date, the Maker shall pay to such Holder, in cash, an amount per Trading Day for each Trading Day until such shares are delivered via DWAC or certificates are delivered (if applicable), together with interest on such amount at a rate of 10% per annum, accruing until such amount and any accrued interest thereon is paid in full, equal to the greater of (A) (i) 1% of the aggregate principal amount of the Notes requested to be converted for the first five (5) Trading Days after the Delivery Date and (ii) 2% of the aggregate principal amount of the Notes requested to be converted for each Trading Day thereafter and (B) $2,000 per day (which amount shall be paid as liquidated damages and not as a penalty). Nothing herein shall limit a Holder's right to pursue actual damages for the Maker's failure to deliver certificates representing shares of Common Stock upon conversion within the period specified herein and such Holder shall have the right to pursue all remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Notwithstanding anything to the contrary contained herein, the Holder shall be entitled to withdraw a Conversion Notice, and upon such withdrawal the Maker shall only be obligated to pay the liquidated damages accrued in accordance with this Section 3.3(b) through the date the Conversion Notice is withdrawn.

3.4 Ownership Cap and Certain Conversion Restrictions.

(a) Notwithstanding anything to the contrary set forth in Section 3 of this Note, at no time may the Holder convert all or a portion of this Note if the number of shares of Common Stock to be issued pursuant to such conversion would exceed, when aggregated with all other shares of Common Stock owned by the Holder at such time, the number of shares of Common Stock which would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder) more than 4.99% of all of the Common Stock outstanding at such time; *provided, however,* that upon the Holder providing the Maker with sixty-one (61) days notice (pursuant to Section 4.1 hereof) (the "Waiver Notice") that the Holder waives the limitations contained in this Section 3.4(a) with regard to any or all shares of Common Stock issuable upon conversion of this Note, this Section

3.4(a) will be of no force or effect with regard to all or a portion of the Note referenced in the Waiver Notice.

(b) Notwithstanding anything to the contrary set forth in Section 3 of this Note, at no time may the Holder convert all or a portion of this Note if the number of shares of Common Stock to be issued pursuant to such conversion, when aggregated with all other shares of Common Stock owned by the Holder at such time, would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock outstanding at such time; provided, however, that upon the Holder providing the Maker with a Waiver Notice that the Holder waives the limitations contained in this Section 3.4(b) with regard to any or all shares of Common Stock issuable upon conversion of this Note, this Section 3.4(b) shall be of no force or effect with regard to all or a portion of the Note referenced in the Waiver Notice.

(c) Notwithstanding the above, the provisions of Section 3.4(a) and 3.4(b) shall not be applicable when calculating any adjustment to the Conversion Price hereunder or any other adjustments under Section 3.5 hereof.

3.5 Adjustment of Conversion Price.

(a) Until the Note has been paid in full or converted in full, the Conversion Price shall be subject to adjustment from time to time as follows (but shall not be increased, other than pursuant to Section 3.5(a)(i) hereof):

(i) *Adjustments for Stock Splits and Combinations*. If the Maker shall at any time or from time to time after the Issuance Date, effect a stock split of the outstanding Common Stock, the applicable Conversion Price in effect immediately prior to the stock split shall be proportionately decreased. If the Maker shall at any time or from time to time after the Issuance Date, combine the outstanding shares of Common Stock, the applicable Conversion Price in effect immediately prior to the combination shall be proportionately increased. Any adjustments under this Section 3.5(a)(i) shall be effective at the close of business on the date the stock split or combination occurs.

(ii) *Adjustments for Certain Dividends and Distributions*. If the Maker shall at any time or from time to time after the Issuance Date, make or issue or set a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in shares of Common Stock, then, and in each event, the applicable Conversion Price in effect immediately prior to such event shall be decreased as of the time of such issuance or, in the event such record date shall have been fixed, as of the close of business on such record date, by multiplying, the applicable Conversion Price then in effect by a fraction:

(A) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date; and

(B) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

(iii) *Adjustment for Other Dividends and Distributions*. If the Maker shall at any time or from time to time after the Issuance Date, make or issue or set a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in securities of the Maker or any other Person other than shares of Common Stock, then, and in each event, an appropriate revision to the applicable Conversion Price shall be made and provision shall be made (by adjustments of the Conversion Price or otherwise) so that the holders of this Note shall receive upon conversions thereof, in addition to the number of shares of Common Stock receivable thereon, the number of securities of the Maker or other issuer (as applicable) which they would have received had this Note been converted into Common Stock on the date of such event and had thereafter, during the period from the date of such event to and including the Conversion Date, retained such securities (together with any distributions payable thereon during such period), giving application to all adjustments called for during such period under this Section 3.5(a)(iii) with respect to the rights of the holders of this Note; *provided, however,* that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions.

(iv) *Adjustments for Reclassification, Exchange or Substitution*. If the Common Stock issuable upon conversion of this Note at any time or from time to time after the Issuance Date shall be changed to the same or different number of shares of any class or classes of stock, whether by reclassification, exchange, substitution or otherwise (other than by way of a stock split or combination of shares or stock dividends provided for in Sections 3.5(a)(i), (ii) and (iii), or a reorganization, merger, consolidation, or sale of assets provided for in Section 3.5(a)(v)), then, and in each event, an appropriate revision to the Conversion Price shall be made and provisions shall be made (by adjustments of the Conversion Price or otherwise) so that the Holder shall have the right thereafter to convert this Note into the kind and amount of shares of stock and other securities receivable upon reclassification, exchange, substitution or other change, by holders of the number of shares of Common Stock into which such Note might have been converted immediately prior to such reclassification, exchange, substitution or other change, all subject to further adjustment as provided herein.

(v) *Adjustments for Reorganization, Merger, Consolidation or Sales of Assets*. If at any time or from time to time after the Issuance Date there shall be a capital reorganization of the Maker (other than by way of a stock split or combination of shares or stock dividends or distributions provided for in Section 3.5(a)(i), (ii) and (iii), or a reclassification, exchange or substitution of shares provided for in Section 3.5(a)(iv)), or a merger or consolidation of the Maker with or into another corporation where the holders of outstanding voting securities prior to such merger or consolidation do not own over fifty percent (50%) of the outstanding voting securities of the merged or

consolidated entity, immediately after such merger or consolidation, or the sale of all or substantially all of the Maker's properties or assets to any other person (an "Organic Change"), then as a part of such Organic Change, (A) if the surviving entity in any such Organic Change has a class of equity securities registered under the Exchange Act, and its common stock is listed or quoted on a national exchange or the OTC Bulletin Board, an appropriate revision to the Conversion Price shall be made and provision shall be made (by adjustments of the Conversion Price or otherwise) so that the Holder shall have the right thereafter to convert such Note into the kind and amount of shares of stock and other securities or property of the Maker or any successor corporation resulting from such Organic Change, and (B) if the surviving entity in any such Organic Change does not have a class of equity securities registered under the Exchange Act, or its common stock is not listed or quoted on a national exchange or the OTC Bulletin Board, the Holder shall have the right to accelerate the maturity of this Note. In any case referenced in clause (A) above, appropriate adjustment shall be made in the application of the provisions of this Section 3.5(a)(v) with respect to the rights of the Holder after the Organic Change to the end that the provisions of this Section 3.5(a)(v) (including any adjustment in the applicable Conversion Price then in effect and the number of shares of stock or other securities deliverable upon conversion of this Note) shall be applied after that event in as nearly an equivalent manner as may be practicable.

(vi) *Adjustments for Issuance of Additional Shares of Common Stock*. In the event the Maker, shall, at any time, from time to time, issue or sell any additional shares of common stock (otherwise than as provided in the foregoing subsections (i) through (v) of this Section 3.5(a)) ("Additional Shares of Common Stock"), at a price per share less than the Conversion Price then in effect or without consideration, then the Conversion Price upon each such issuance shall be reduced to a price determined by multiplying the Conversion Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock then outstanding plus the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for the shares so issued (or deemed issued) would purchase at such Conversion Price, and (B) the denominator of which is the total number of shares of Common Stock then outstanding plus the number of shares of Common Stock so issued (or deemed issued). Notwithstanding the foregoing, there shall be no adjustment to the Conversion Price upon any issuance or deemed issuance of Common Stock if the holders of a majority of the outstanding principal amount of the Series A Notes waive in writing such adjustment.

(vii) *Issuance of Common Stock Equivalents*. The provisions of this Section 3.5(a)(vii) shall apply if (A) the Maker, at any time after the Issuance Date, shall issue any securities convertible into or exchangeable for, directly or indirectly, Common Stock ("Convertible Securities"), other than the Notes or Preferred Stock issuable pursuant to the Purchase Agreement, or (B) any rights or warrants or options to purchase any such Common Stock or Convertible Securities, other than the Warrants ("Rights") (Convertible Securities and Rights hereafter being collectively referred to as the "Common Stock Equivalents") shall be issued or sold. If the price per share for which Additional Shares of Common Stock is issuable pursuant to any such Common Stock Equivalent shall be (or is subsequently adjusted to be) less than the applicable

Conversion Price then in effect, or if, after any such issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended or adjusted shall be less than the applicable Conversion Price in effect at the time of such amendment or adjustment, then the applicable Conversion Price upon each such issuance, amendment or adjustment shall be adjusted as provided in subsection (vi) of this Section 3.5(a), with the maximum number of shares of Common Stock issuable upon conversion or exercise of such Common Stock Equivalents being deemed to have be issued or sold by the Company at the time of issuance or sale of such Common Stock Equivalents. For purposes of this Section 3.5(a)(vii), the "price per share for which Additional Shares of Common Stock is issuable" shall be determined by dividing (X) the total amount received or receivable by the Company as consideration for the issue or sale of such Common Stock Equivalents, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exercise thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exercise of all such Common Stock Equivalents. No further adjustment of the Conversion Price shall be made when Common Stock is actually issued upon the conversion or exchange of such Common Stock Equivalents, and if any such issue or sale of Convertible Securities is made upon exercise of any Rights for which adjustment of the Conversion Price had been or are to be made pursuant to other provisions of Section 3.5(a)(vi), no further adjustment of the Conversion Price shall be made by reason of such issue or sale.

(viii) *Consideration for Stock*. In case any shares of Common Stock or any Common Stock Equivalents shall be issued or sold:

(A) in connection with any merger or consolidation in which the Maker is the surviving corporation (other than any consolidation or merger in which the previously outstanding shares of Common Stock of the Maker shall be changed to or exchanged for the stock or other securities of another corporation), the amount of consideration therefor shall be, deemed to be the fair value, as determined reasonably and in good faith by the Board of Directors of the Maker, of such portion of the assets and business of the nonsurviving corporation as such Board may determine to be attributable to such shares of Common Stock, Convertible Securities, rights or warrants or options, as the case may be; or

(B) in the event of any consolidation or merger of the Maker in which the Maker is not the surviving corporation or in which the previously outstanding shares of Common Stock of the Maker shall be changed into or exchanged for the stock or other securities of another corporation, or in the event of any sale of all or substantially all of the assets of the Maker for stock or other securities of any corporation, the Maker shall be deemed to have issued a number of shares of its Common Stock for stock or securities or other property of the other corporation computed on the basis of the actual exchange ratio on which the transaction was predicated, and for a consideration equal to the fair market value on the date of such transaction of all such stock or securities or other property of the other corporation. If any such calculation results in adjustment of the applicable

Conversion Price, or the number of shares of Common Stock issuable upon conversion of the Notes, the determination of the applicable Conversion Price or the number of shares of Common Stock issuable upon conversion of the Notes immediately prior to such merger, consolidation or sale, shall be made after giving effect to such adjustment of the number of shares of Common Stock issuable upon conversion of the Notes. In the event Common Stock is issued with other shares or securities or other assets of the Maker for consideration which covers both, the consideration computed as provided in this Section 3.5(a)(viii) shall be allocated among such securities and assets as determined in good faith by the Board of Directors of the Maker; or

(C) other than as set forth above, for any non-cash consideration, the value of the consideration other than cash received by the Maker shall be deemed to be the fair market value of such consideration, as determined mutually in good faith by the Maker's Board of Directors and the Holder or, if the Maker's Board of Directors and the Holder fail to agree, at the Maker's expense by an appraiser selected the Maker's Board of Directors and reasonably acceptable to the Holder.

(b) Record Date. In case the Maker shall take record of the holders of its Common Stock for the purpose of entitling them to subscribe for or purchase Common Stock or Convertible Securities, then the date of the issue or sale of the shares of Common Stock shall be deemed to be such record date.

(c) Certain Issues Excepted. Anything herein to the contrary notwithstanding, the Maker shall not be required to make any adjustment to the Conversion Price in connection with any of the following: (i) issuance of the Notes, Preferred Stock or Warrants to the Purchasers pursuant to the terms of the Purchase Agreement; (ii) issuances of securities upon the exercise or exchange of or conversion of any securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Note, provided that such securities have not been amended since the date of this Note to increase the number of such securities or to decrease the exercise, exchange or conversion price of any such securities (including the Notes, Preferred Stock and Warrants issued to the Purchasers pursuant to the Purchase Agreement); (iii) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors, but not including a transaction with an entity whose primary business is investing in securities or a transaction, the primary purpose of which is to raise capital; or (iv) the issuance of shares of Common Stock in payment of interest on the Notes, or as a dividend or distribution on the Preferred Stock.

(d) No Impairment. The Maker shall not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Maker, but will at all times in good faith, assist in the carrying out of all the provisions of this Section 3.5 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the Holder against impairment.

(e) Certificates as to Adjustments. Upon occurrence of each adjustment or readjustment of the Conversion Price or number of shares of Common Stock issuable upon conversion of this Note pursuant to this Section 3.5, the Maker at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Holder a certificate setting forth such adjustment and readjustment, showing in detail the facts upon which such adjustment or readjustment is based. The Maker shall, upon written request of the Holder, at any time, furnish or cause to be furnished to the Holder a like certificate setting forth such adjustments and readjustments, the applicable Conversion Price in effect at the time, and the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon the conversion of this Note. Notwithstanding the foregoing, the Maker shall not be obligated to deliver a certificate unless such certificate would reflect an increase or decrease of at least one percent (1%) of such adjusted amount.

(f) Issue Taxes. The Maker shall pay any and all issue and other taxes, excluding federal, state or local income taxes, that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of this Note pursuant thereto; provided, however, that the Maker shall not be obligated to pay any transfer taxes resulting from any transfer requested by the Holder in connection with any such conversion.

(g) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of this Note. In lieu of any fractional shares to which the Holder would otherwise be entitled, the Maker shall pay cash equal to the product of such fraction multiplied by the average of the Closing Prices of the Common Stock for the five (5) consecutive Trading Days immediately preceding the Conversion Date.

(h) Regulatory Compliance. If any shares of Common Stock to be reserved for the purpose of conversion of this Note or any interest accrued thereon require registration or listing with or approval of any governmental authority, stock exchange or other regulatory body under any federal or state law or regulation or otherwise before such shares may be validly issued or delivered upon conversion, the Maker shall, at its sole cost and expense, in good faith and as expeditiously as possible, endeavor to secure such registration, listing or approval, as the case may be.

3.6 Inability to Fully Convert.

(a) Holder's Option if Maker Cannot Fully Convert. If, upon the Maker's receipt of a Conversion Notice, the Maker cannot issue shares of Common Stock registered for resale under the Registration Statement if required pursuant to the Registration Rights Agreement for any reason, including, without limitation, because the Maker (i) does not have a sufficient number of shares of Common Stock authorized and available, (ii) is otherwise prohibited by applicable law or by the rules or regulations of any stock exchange, interdealer quotation system or other self-regulatory organization with jurisdiction over the Maker or any of its securities from issuing all of the Common Stock which is to be issued to the Holder pursuant to a Conversion Notice or (iii) fails to have a sufficient number of shares of Common Stock registered for resale under the Registration Statement, then the Maker shall issue as many shares of Common Stock as it is able to issue in accordance with the Holder's Conversion Notice and,

with respect to the unconverted portion of this Note, the Holder, solely at Holder's option (and in addition to all other remedies hereunder), can elect to:

(A) require the Maker to prepay that portion of this Note for which the Maker is unable to issue Common Stock in accordance with the Holder's Conversion Notice (the "Mandatory Prepayment") in an amount equal to one hundred twenty-five percent (125% of the portion of aggregate principal amount of this Note that Maker was unable to convert to Common Stock (the "Mandatory Prepayment Price");

(B) if the Maker's inability to fully convert is pursuant to Section 3.6(a)(iii) above, require the Maker to issue restricted shares of Common Stock in accordance with such holder's Conversion Notice; or

(C) void its Conversion Notice and retain or have returned, as the case may be, this Note that was to be converted pursuant to the Conversion Notice (provided that the Holder's voiding its Conversion Notice shall not effect the Maker's obligations to make any payments which have accrued prior to the date of such notice).

(b) Mechanics of Fulfilling Holder's Election. The Maker shall immediately send via facsimile to the Holder, upon receipt of a facsimile copy of a Conversion Notice from the Holder which cannot be fully satisfied as described in Section 3.6(a) above, a notice of the Maker's inability to fully satisfy the Conversion Notice (the "Notice of Inability to Convert"). Such Inability to Convert Notice shall indicate (i) the reason why the Maker is unable to fully satisfy such holder's Conversion Notice, (ii) the amount of this Note which cannot be converted, and (iii) the applicable Mandatory Prepayment Price. The Holder shall notify the Maker of its election pursuant to Section 3.6(a) above by delivering written notice via facsimile to the Maker ("Election Upon Inability to Convert").

(c) Payment of Prepayment Price. If the Holder shall elect to have its Notes prepaid pursuant to Section 3.6(a)(A) above, the Maker shall pay the Mandatory Prepayment Price to the Holder within thirty (30) days of the Maker's receipt of the Holder's Election Upon Inability to Convert, provided that prior to the Maker's receipt of the Holder's Election Upon Inability to Convert the Maker has not delivered a notice to the Holder stating, to the satisfaction of the Holder, that the event or condition resulting in the Mandatory Prepayment has been cured and all Conversion Shares issuable to the Holder can and will be delivered to the Holder in accordance with the terms of this Note. If the Maker shall fail to pay the applicable Mandatory Prepayment Price to the Holder within five (5) business days following the Maker's receipt of the Holder's Election Upon Inability to Convert (other than pursuant to a dispute as to the determination of the arithmetic calculation of the Mandatory Prepayment Price), in addition to any remedy the Holder may have under this Note and the Purchase Agreement, such unpaid amount shall bear interest at the rate of two percent (2%) per month (prorated for partial months) until paid in full. Until the full Mandatory Prepayment Price is paid in full to the Holder, the Holder may (i) void the Mandatory Prepayment with respect to that portion of the Note for which the full Mandatory Prepayment Price has not been paid, (ii) receive back such Note, and (iii) require that the Conversion Price of such returned Note be adjusted to the lesser of (A) the

Conversion Price as in effect on the date on which the Holder voided the Mandatory Prepayment and (B) the lowest Closing Price during the period beginning on the Conversion Date and ending on the date the Holder voided the Mandatory Prepayment.

(d) Pro-rata Conversion and Prepayment. In the event the Maker receives a Conversion Notice from more than one holder of the Series A Notes on the same day and the Maker can convert and prepay some, but not all, of the Series A Notes pursuant to this Section 3.6, the Maker shall convert and prepay from each holder of the Series A Notes electing to have its Series A Notes converted and prepaid at such time an amount equal to such holder's pro-rata amount (based on the principal amount of the Series A Notes held by such holder relative to the principal amount of the Series A Notes outstanding) of all the Series A Notes being converted and prepaid at such time.

3.7 Prepayment Upon Triggering Event.

(a) Prepayment Option Upon Triggering Event. In addition to all other rights of the Holder contained herein, after a Triggering Event (as defined below), the Holder shall have the right, at the Holder's option, to require the Maker to prepay all or a portion of this Note in cash at a price equal to the sum of (i) the greater of (A) one hundred percent (100%) of the aggregate principal amount of this Note plus all accrued and unpaid interest and (B) the aggregate principal amount of this Note plus all accrued but unpaid interest hereon, divided by the Conversion Price on (x) the date the Prepayment Price (as defined below) is demanded or otherwise due or (y) the date the Prepayment Price is paid in full, whichever is less, multiplied by the VWAP on (x) the date the Prepayment Price is demanded or otherwise due, and (y) the date the Prepayment Price is paid in full, whichever is greater, and (ii) all other amounts, costs, expenses and liquidated damages due in respect of this Note and the other Transaction Documents (the "Prepayment Price"). If the Holder demands payment of the Prepayment Price pursuant to this Section 3.7, the Maker shall deliver such payment to the Holder within 5 business days after the receipt of such demand.

(b) Triggering Event. A "Triggering Event" shall be deemed to have occurred at such time as any of the following events:

(i) any Event of Default pursuant to Sections 2.1 (b), (c) or (d) shall have occurred;

(ii) the Maker's notice to any holder of the Notes, including by way of public announcement, at any time, of its inability to comply or its intention not to comply with proper requests for conversion of any Notes into shares of Common Stock; or

(iii) the Maker deregisters its shares of Common Stock and as a result such shares of Common Stock are no longer publicly traded; or

(iv) the Maker consummates a "going private" transaction and as a result the Common Stock is no longer registered under Sections 12(b) or 12(g) of the Exchange Act.

3.8 No Rights as Shareholder. Nothing contained in this Note shall be construed as conferring upon the Holder, prior to the conversion of this Note, the right to vote or to receive dividends or to consent or to receive notice as a shareholder in respect of any meeting of shareholders for the election of directors of the Maker or of any other matter, or any other rights as a shareholder of the Maker.

ARTICLE IV

COVENANTS

For so long as this Note is outstanding, without the prior written consent of the holders of at least a majority of the then outstanding principal balance hereof:

4.1 No Liens. The Maker shall not, and shall not permit its Subsidiaries to, enter into, create, incur, assume or suffer to exist any Liens on or with respect to any of its assets now owned or hereafter acquired or any interest therein or any income or profits therefrom, other than:

(a) Liens that are Permitted Encumbrances;

(b) Liens for purchase money obligations, incurred in the ordinary course of the Maker's business, to acquire assets that do not exceed the purchase price of the asset and that encumber only the asset being purchased; and

(c) any Lien listed on Schedule 3.12 to the Purchase Agreement.

4.2 No Indebtedness. The Maker shall not, and shall not permit any Subsidiary to, enter into, create, incur, assume or suffer to exist any Indebtedness, other than

(a) Indebtedness existing on the date hereof and disclosed in the Commission Documents;

(b) Indebtedness created under the Transaction Documents;

(c) Non-current liabilities for post-employment healthcare and other insurance benefits;

(d) Trade payables and insurance premium financing incurred in the ordinary course of business and consistent with past practices; and

(e) Indebtedness secured by Liens permitted under Section 4.1.

4.3 Compliance with Transaction Documents. The Maker shall, and shall cause its Subsidiaries to, comply with its obligations under this Note, the Series B Note and the other Transaction Documents.

4.4 Compliance with Law. The Maker shall, and shall cause each of its Subsidiaries to, comply with law and duly observe and conform in all material respects to all valid

requirements of Governmental Authorities relating to the conduct of its business or to its properties or assets.

4.5 Transactions with Affiliates. The Maker shall not, and shall not permit its Subsidiaries to, engage in any transactions with any officer, director, employee or any Affiliate of the Maker, including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Maker, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, in each case in excess of $50,000, other than (i) for payment of reasonable salary for services actually rendered, as approved by the Board of Directors of the Maker as fair in all respects to the Maker, and (ii) reimbursement for expenses incurred on behalf of the Maker.

4.6 No Dividends. The Maker shall not, and shall not permit any Subsidiary to, (a) declare or pay any dividends or make any distributions to any holder(s) of Common Stock or other equity security of the Maker or such Subsidiaries (other than dividend and distributions from a Subsidiary to the Maker and dividends on the Preferred Stock), (b) purchase or otherwise acquire for value, directly or indirectly, any shares or other equity security of the Maker, (c) form or create any subsidiary become a partner in any partnership or joint venture, or make any acquisition of any interest in any Person or acquire substantially all of the assets of any Person, or (d) transfer, assign, pledge, issue or otherwise permit any equity or other ownership interests in the Subsidiaries to be beneficially owned or held by any person other than the Maker and, in the case of Cira Biosciences, Inc. the persons owning or holding such securities on the date hereof; provided, however, that Maker's Cira Biosciences, Inc. subsidiary may issue equity securities in connection with third-party arms-length capital raising transactions and pay dividends to the holders of such equity securities in accordance with their terms.

4.7 No Merger or Sale of Assets. The Maker shall not, and shall not permit any Subsidiary to, (a) merge or consolidate or sell or dispose of all its assets or any substantial portion thereof, or (b) in any way or manner alter its organizational structure or effect a change of entity; *provided, however,* that the Maker shall be permitted to sell or dispose of its assets (but not all or substantially all of its assets) in the ordinary course of its business and consistent with past practice.

4.8 Payment of Taxes, Etc. The Maker shall, and shall cause each of its Subsidiaries to, promptly pay and discharge, or cause to be paid and discharged, when due and payable, all lawful taxes, assessments and governmental charges or levies imposed upon the income, profits, property or business of the Maker and the Subsidiaries, except for such failures to pay that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect; provided, however, that any such tax, assessment, charge or levy need not be paid if the validity thereof shall currently be contested in good faith by appropriate proceedings and if the Maker or such Subsidiaries shall have set aside on its books adequate reserves with respect thereto, and provided, further, that the Maker and such Subsidiaries will pay all such taxes, assessments, charges or levies forthwith upon the commencement of proceedings to foreclose any lien which may have attached as security therefor.

4.9 Corporate Existence. the Maker shall, and shall cause each of its Subsidiaries to, maintain in full force and effect its corporate existence, rights and franchises and all licenses and other rights to use property owned or possessed by it and reasonably deemed to be necessary to the conduct of its business.

4.10 Investment Company Act. The Maker shall conduct its businesses in a manner so that it will not become subject to the Investment Company Act of 1940, as amended.

4.11 Maintenance of Assets. The Maker shall, and shall cause its Subsidiaries to, keep its properties in good repair, working order and condition, reasonable wear and tear excepted, and from time to time make all necessary and proper repairs, renewals, replacements, additions and improvements thereto.

4.12 Indebtedness to Affiliates. The Maker shall not, and shall not permit any Subsidiary to, make any payment on any indebtedness owed to officers, directors or Affiliates, except for reimbursements of reasonable and typical business expenses.

4.13 Restriction on Dividends. The Maker shall not, and shall not permit any Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to pay dividends or distributions to the Maker, pay any indebtedness owed to the Maker or transfer any properties or assets to the Maker

4.14 No Investments. The Maker shall not, and shall not permit any Subsidiary to, make or suffer to exist any Investments or commitments therefor, other than Investments made in the ordinary course of business.

4.15 Transfers to Subsidiaries. The Maker shall not make any transfers of funds or other assets to any Subsidiary except in the ordinary course of business and consistent with past practice.

ARTICLE V

MISCELLANEOUS

5.1 Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery, telecopy or facsimile at the address or number designated in the Purchase Agreement (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The Maker will give written notice to the Holder at least ten (10) days prior to the date on which the Maker takes a record (x) with respect to any dividend or distribution upon the Common Stock, (y) with respect to any pro rata subscription offer to holders of Common Stock or (z) for determining rights to vote with respect to any Organic Change, dissolution, liquidation or winding-up and in no event shall such notice be provided to such holder prior to such information being made known to the

public. The Maker will also give written notice to the Holder at least ten (10) days prior to the date on which any Organic Change, dissolution, liquidation or winding-up will take place and in no event shall such notice be provided to the Holder prior to such information being made known to the public. The Maker shall promptly notify the Holder of this Note of any notices sent or received, or any actions taken with respect to the Series A Notes.

5.2 Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to any of the conflicts of law principles which would result in the application of the substantive law of another jurisdiction. This Note shall not be interpreted or construed with any presumption against the party causing this Note to be drafted.

5.3 Headings. Article and section headings in this Note are included herein for purposes of convenience of reference only and shall not constitute a part of this Note for any other purpose.

5.4 Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note, at law or in equity (including, without limitation, a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a holder's right to pursue actual damages for any failure by the Maker to comply with the terms of this Note. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the holder thereof and shall not, except as expressly provided herein, be subject to any other obligation of the Maker (or the performance thereof). The Maker acknowledges that a breach by it of its obligations hereunder will cause irreparable and material harm to the Holder and that the remedy at law for any such breach may be inadequate. Therefore the Maker agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available rights and remedies, at law or in equity, to seek and obtain such equitable relief, including but not limited to an injunction restraining any such breach or threatened breach, without the necessity of showing economic loss and without any bond or other security being required.

5.5 Enforcement Expenses. In the event of any default under this Note, Maker agrees to pay the reasonable costs and expenses of Holder in enforcing this Note (including reasonable attorneys' fees and court costs), subject, in the case of any suit, action or proceeding to enforce this Note, to Section 5.9.

5.6 Binding Effect. The obligations of the Maker and the Holder set forth herein shall be binding upon the successors and assigns of each such party, whether or not such successors or assigns are permitted by the terms hereof.

5.7 Amendments. This Note may not be modified or amended in any manner except in writing executed by the Maker and the holders of a majority of the outstanding principal balance of the Series A Notes.

5.8 Compliance with Securities Laws. The Holder of this Note acknowledges that this Note is being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder shall not offer, sell or otherwise dispose of this Note. This Note and any Note issued in substitution or replacement therefor shall be stamped or imprinted with a legend in substantially the following form:

"THIS NOTE AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR RECEIPT BY THE MAKER OF AN OPINION OF COUNSEL IN THE FORM, SUBSTANCE AND SCOPE REASONABLY SATISFACTORY TO THE MAKER THAT THIS NOTE AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF HAVE MAY BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE DISPOSED OF, UNDER AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND SUCH STATE SECURITIES LAWS."

5.9 Consent to Jurisdiction. Each of the Maker and the Holder irrevocably agrees that the any legal action or proceeding arising out of or relating to this Note may be brought in the Courts of New York County, New York or of the United States of America for the Southern District of New York and hereby expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and expressly waives any claim of improper venue and any claim that such courts are an inconvenient forum. Each of the Maker and the Holder hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, at the address in effect for notices to it under the Purchase Agreement, such service to become effective 10 days after such mailing. Nothing in this Section 5.9 shall affect or limit any right to serve process in any other manner permitted by law. Each of the Maker and the Holder hereby agree that the prevailing party in any suit, action or proceeding arising out of or relating to this Note shall be entitled to reimbursement for reasonable legal fees from the non-prevailing party. The Maker and the Holder hereby waive all rights to trial by jury.

5.10 Parties in Interest. This Note shall be binding upon, inure to the benefit of and be enforceable by the Maker, the Holder and their respective successors and permitted assigns.

5.11 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

5.12 Waivers; Dispute Resolution.

(a) Except as otherwise specifically provided herein, the Maker and all others that may become liable for all or any part of the obligations evidenced by this Note, hereby waive presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, and do hereby consent to any number of renewals of extensions of the time or payment hereof and agree

that any such renewals or extensions may be made without notice to any such persons and without affecting their liability herein and do further consent to the release of any person liable hereon, all without affecting the liability of the other persons, firms or Maker liable for the payment of this Note. No delay or omission on the part of the Holder in exercising its rights under this Note, or course of conduct relating hereto, shall operate as a waiver of such rights or any other right of the Holder, nor shall any waiver by the Holder of any such right or rights on any one occasion be deemed a waiver of the same right or rights on any future occasion.

(b) In the case of a dispute as to the determination of the Closing Price or the VWAP or the arithmetic calculation of the Conversion Price, any adjustment to the Conversion Price, liquidated damages amount, interest or dividend calculation, or any redemption price, redemption amount, adjusted Conversion Price, or similar calculation, or as to whether a subsequent issuance of securities is prohibited hereunder or would lead to an adjustment to the Conversion Price, the Maker shall submit the disputed determinations or arithmetic calculations via facsimile within two (2) Business Days of receipt, or deemed receipt, of the Conversion Notice, any redemption notice, default notice or other event giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Maker are unable to agree upon such determination or calculation within two (2) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Maker shall, within two (2) Business Days submit via facsimile (a) the disputed determination of the Closing Price or the VWAP to an independent, reputable investment bank selected by the Maker and approved by the Holder, which approval shall not be unreasonably withheld, (b) the disputed arithmetic calculation of the Conversion Price, adjusted Conversion Price or any redemption price, redemption amount or default amount to the Maker's independent, outside accountant or (c) the disputed facts regarding whether a subsequent issuance of securities is prohibited hereunder or would lead to an adjustment to the Conversion Price (or any of the other above described facts not expressly designated to the investment bank or accountant), to an expert attorney from a nationally recognized outside law firm (having at least 100 attorneys and having with no prior relationship with the Maker) selected by the Maker and approved by the Lead Purchaser as defined in the Purchase Agreement). The Maker, at the Maker's expense, shall cause the investment bank, the accountant, the law firm, or other expert, as the case may be, to perform the determinations or calculations and notify the Maker and the Holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's, accountant's or attorney's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

5.13 Additional Definitions. Terms used herein and not defined shall have the meanings set forth in the Purchase Agreement. For the purposes hereof, the following terms shall have the following meanings:

"Closing Price" shall mean (i) the last trading price per share of the Common Stock on such date on the OTC Bulletin Board or a registered national stock exchange on which the Common Stock is then listed, or if there is no such price on such date, then the last trading price on such exchange or quotation system on the date nearest preceding such date, or (ii) if the price of the Common Stock is not then reported by the OTC Bulletin Board or a registered national securities exchange, then the average of the "Pink Sheet" quotes for the relevant date, as reported by the National Quotation Bureau, Inc., or (iii) if the Common Stock is not then publicly traded the fair

market value of a share of Common Stock as determined by the Holder and reasonably acceptable to the Maker.

"Equity Conditions" shall mean, during the period in question, (i) the Maker shall have duly honored all conversions and redemptions scheduled to occur or occurring by virtue of one or more Conversion Notices of the Holder, if any, (ii) all liquidated damages and other amounts owing to the Holder in respect of this Note shall have been paid; (iii) there is an effective Registration Statement pursuant to which the Holder is permitted to utilize the prospectus thereunder to resell all of the shares issuable pursuant to the Transaction Documents, whether by conversion or exercise, forced conversion, in lieu of cash interest or otherwise (and the Maker believes, in good faith, that such effectiveness will continue uninterrupted for the foreseeable future), (iv) the Common Stock is trading on the Trading Market and all of the shares issuable pursuant to the Transaction Documents are listed for trading on a Trading Market (and the Maker believes, in good faith, that trading of the Common Stock on a Trading Market will continue uninterrupted for the foreseeable future), (v) there is a sufficient number of authorized but unissued and otherwise unreserved shares of Common Stock for the issuance of all of the shares issuable pursuant to the Transaction Documents, (vi) there is then existing no Event of Default or event which, with the passage of time or the giving of notice, would constitute an Event of Default, (vii) the issuance of the shares in question (including shares of Common Stock as interest hereunder) to the Holder would not violate the 4.99% or 9.99% beneficial ownership limitations set forth in Section 3.4 hereof, and (viii) no public announcement of a pending or proposed Triggering Event has occurred.

"Investment" means, with respect to any Person, all investments in any other Person, whether by way of extension of credit, loan, advance, purchase of stock or other ownership interest (other than ownership interests in such Person), bonds, notes, debentures or other securities, or otherwise, and whether existing on the date of this Agreement or thereafter made, but such term shall not include the cash surrender value of life insurance policies on the lives of officers or employees, excluding amounts due from customers for services or products delivered or sold in the ordinary course of business.

"Trading Day" means (a) a day on which the Common Stock is traded on the OTC Bulletin Board, or (b) if the Common Stock is not traded on the OTC Bulletin Board, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding its functions of reporting prices); provided , however , that in the event that the Common Stock is not listed or quoted as set forth in (a) or (b) hereof, then Trading Day shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

"Trading Market" means the Over the Counter Bulletin Board, the New York Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the American Stock Exchange.

"VWAP" means, for any date, (i) the daily volume weighted average price of the Common Stock for such date on the OTC Bulletin Board (or national securities exchange, if applicable) as

reported by Bloomberg Financial L.P. (based on a Trading Day from 9:30 a.m. Eastern Time to 4:02 p.m. Eastern Time); (ii) if the Common Stock is not then listed or quoted on the OTC Bulletin Board (or national securities exchange, if applicable) and if prices for the Common Stock are then reported in the "Pink Sheets" published by the Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (iii) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Maker.

[Signature on following page]

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed by its duly authorized officer as of the date first above indicated.

NEOPROBE CORPORATION

By: /s/ David C. Bupp

Its: President and CEO

Exhibit 10.3

THIS NOTE AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR RECEIPT BY THE MAKER OF AN OPINION OF COUNSEL IN THE FORM, SUBSTANCE AND SCOPE REASONABLY SATISFACTORY TO THE MAKER THAT THIS NOTE AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF, UNDER AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND SUCH STATE SECURITIES LAWS.

NEOPROBE CORPORATION

Form of 10% Series B Senior Secured Convertible Promissory Note
due December 26, 2011

No. _____ $3,000,000.00
Dated: [•], 2008

For value received, NEOPROBE CORPORATION, a Delaware corporation (the "Maker"), hereby promises to pay to the order of Platinum-Montaur Life Sciences, LLC, 152 West 57th Street, New York, NY 10019 (together with its successors, representatives, and permitted assigns, the "Holder"), in accordance with the terms hereinafter provided, the principal amount of Three Million and 00/100 Dollars ($3,000,000.00), together with interest thereon. This Note is being issued pursuant to the Purchase Agreement (as defined in Section 1.1 hereof). The Maker has also issued to the Holder the Maker's 10% Series A Senior Secured Convertible Promissory Note ("Series A Note") and may issue to the Purchaser shares of the Maker's 8% Series A Convertible Preferred Stock ("Preferred Stock"). The Series A Notes and the Series B Notes are collectively referred to herein as the "Notes."

All payments under or pursuant to this Note shall be made in United States Dollars in immediately available funds to the Holder at the address of the Holder first set forth above or at such other place as the Holder may designate from time to time in writing to the Maker or by wire transfer of funds to the Holder's account, instructions for which are attached hereto as Exhibit A. The outstanding principal balance of this Note shall be due and payable on December 26, 2011 (the "Maturity Date") or at such earlier time as provided herein.

ARTICLE I

PAYMENT TERMS

1.1 Purchase Agreement. This Note has been executed and delivered pursuant to the Securities Purchase Agreement, dated as of December 26, 2007 (the "Purchase Agreement "), by and among the Maker and the purchasers listed therein. Capitalized terms used and not otherwise defined herein shall have the meanings set forth for such terms in the Purchase Agreement.

1.2 Interest. Beginning on the issuance date of this Note (the "Issuance Date"), the outstanding principal balance of this Note shall bear interest, in arrears, at a rate per annum equal to ten percent (10%), payable monthly on the first day of each calendar month (each, an "Interest Payment Date") commencing February 1, 2008, at the option of the Maker in (A) cash or (B) in registered shares of Common Stock; *provided, however,* (i) payment of interest in shares of Common Stock may only occur if during the 20 Trading Days immediately prior to the applicable Interest Payment Date and through and including the date such shares of Common Stock are issued to the Holder all of the Equity Conditions, unless waived by the Holder in writing, have been met and the Maker shall have given the Holder notice in accordance with the notice requirements set forth below, and (ii) as to such Interest Payment Date, on or prior to such Interest Payment Date, the Maker shall have delivered to the Holder's account with The Depository Trust Company a number of shares of Common Stock to be applied against such interest payment equal to the quotient of (x) the applicable interest payment divided by (y) 90% of the average VWAP for the five (5) Trading Days immediately preceding the Interest Payment Date. Interest shall be computed on the basis of a 360-day year of twelve (12) 30-day months, shall compound monthly and shall accrue commencing on the Issuance Date. Furthermore, upon the occurrence of an Event of Default (as defined in Section 2.1 hereof), the Maker will pay interest to the Holder, payable on demand, on the outstanding principal balance of and unpaid interest on the Note from the date of the Event of Default until such Event of Default is cured at the rate of the lesser of thirteen percent (13%) and the maximum applicable legal rate per annum. Notwithstanding the above, the Maker may not issue a number of shares of Common Stock in excess of the Maximum Monthly Interest Share Amount toward the payment of Interest, as to all outstanding Series A Notes and Series B Notes, in the aggregate, during any rolling twenty (20) Trading Day period. For purposes hereof, "Maximum Monthly Interest Share Amount" means 20% of the aggregate dollar trading volume (as reported on Bloomberg) of the Common Stock on the principal Trading Market over the twenty (20) consecutive Trading Day period immediately prior to the applicable Interest Payment Date.

1.3 Payment of Principal; No Prepayment. The Principal Amount hereof shall be paid in full on the Maturity Date or, if earlier, upon acceleration of this Note in accordance with the terms hereof. Any amount of principal repaid hereunder may not be reborrowed. The Maker may not prepay any portion of the principal amount of this Note without the prior written consent of the Holder, which may be withheld in the Holder's sole and absolute discretion.

1.4 Security Agreement. The obligations of the Maker hereunder are secured by a continuing security interest in certain assets of the Maker pursuant to the terms of a Security Agreement dated as of December 26, 2007 by and between the Maker and the Holder, a Patent, Trademark and Copyright Security Agreement, dated as of December 26, 2007, by and among the Maker and the Maker's subsidiaries, on the one hand, and the Holder, on the other hand, and a Blocked Account Control Agreement ("Account Control Agreement") among the Maker, the Holder and U.S. Bank National Association ("Bank"), pursuant to the terms of Section 5.15 of the Purchase Agreement.

1.5 Payment on Non-Business Days. Whenever any payment to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the State of New York, such payment may be due on the next succeeding business day and such next succeeding day shall be included in the calculation of the amount of accrued interest payable on such date.

1.6 Transfer. This Note may be transferred or sold, subject to the provisions of Section 5.8 hereof, or pledged, hypothecated or otherwise granted as security by the Holder.

1.7 Replacement. Upon receipt of a duly executed, notarized and unsecured written statement from the Holder with respect to the loss, theft or destruction of this Note (or any replacement hereof) and a standard indemnity, or, in the case of a mutilation of this Note, upon surrender and cancellation of such Note, the Maker shall issue a new Note, of like tenor and amount, in lieu of such lost, stolen, destroyed or mutilated Note.

1.8 Use of Proceeds. The Maker shall use the proceeds of this Note as set forth in the Purchase Agreement.

1.9 Allocation of Payments. All payments to each of the Series B Holders under the Series B Notes shall be made pro rata among the Series B Holders based upon the aggregate unpaid principal amount of the Series B Notes held by them.

ARTICLE II

EVENTS OF DEFAULT; REMEDIES

2.1 Events of Default. The occurrence of any of the following events shall be an "Event of Default" under this Note:

(a) any default in the payment of (i) the principal amount hereunder when due, or (ii) interest on, or liquidated damages in respect of, this Note, as and when the same shall become due and payable (whether on the Maturity Date or by acceleration or otherwise); or

(b) the suspension from listing, without subsequent listing on any one of, or the failure of the Common Stock to be listed on at least one of the OTC Bulletin Board, the American Stock Exchange, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or The New York Stock Exchange, Inc. for a period of more than five (5) consecutive Trading Days; or

(c) the Maker shall fail to (i) timely deliver the shares of Common Stock upon conversion of the Note or any interest accrued and unpaid, (ii) file a Registration Statement in accordance with the terms of the Registration Rights Agreement or (iii) make the payment of any fees or other payments due under this Note, the Purchase Agreement, the Registration Rights Agreement or the other Transaction Documents, which failure is not remedied within five (5) business days after such performance is due; or

(d) while the Registration Statement is required to be maintained effective pursuant to the terms of the Registration Rights Agreement, the effectiveness of the Registration Statement (as defined in the Registration Rights Agreement) lapses for any reason (including, without limitation, the issuance of a stop order) or is unavailable to the Holder for sale of the Registrable Securities (as defined in the Registration Rights Agreement) as provided in the Registration Rights Agreement (other than as a result of any breach of the Registration Rights Agreement or violation of law by any holder of the Notes, or their agents or Affiliates), and such lapse or unavailability continues for a period of ten (10) consecutive Trading Days, provided

that the Maker has not exercised its rights pursuant to Section 3(n) of the Registration Rights Agreement; or

(e) default shall be made in the performance or observance of (i) any covenant, condition or agreement contained in this Note (other than is set forth in (a) through (d) above) and such default is not cured within ten (10) days after the earlier of (A) the date the Maker receives notice from the Holder of the occurrence thereof or (B) the date on which the Maker knew or should have known, if it had exercised reasonable diligence, of such default, or (ii) any material covenant, condition or agreement contained in the Purchase Agreement, Registration Rights Agreement, the Series A Note, or any other Transaction Document that is not covered by any other provisions of this Section 2.1 and such default is not cured within ten (10) days after the earlier of (A) the date the Maker receives notice from the Holder of the occurrence thereof or (B) the date on which the Maker knew or should have known, if it had exercised reasonable diligence, of such default; or

(f) any material representation or warranty made by the Maker herein or in the Purchase Agreement, the Series A Note or any other Transaction Document shall prove to have been false or incorrect or breached in a material respect on the date as of which made; or

(g) the Maker shall (i) default in any payment of any amount or amounts of principal of or interest on any Indebtedness (other than the Indebtedness hereunder) the aggregate principal amount of which Indebtedness, in the aggregate, exceeds $100,000, which default entitles the holder or holders of such Indebtedness to accelerate the maturity thereof, or (ii) default in the observance or performance of any other agreement or condition relating to any Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, which default, event or condition continues beyond any applicable cure period, and the effect of which default, event or condition is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Indebtedness to cause with the giving of notice if required, such Indebtedness to become due prior to its stated maturity; or

(h) the Maker shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property or assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect) or under the comparable laws of any jurisdiction (foreign or domestic), (iv) file a petition seeking to take advantage of any bankruptcy, insolvency, moratorium, reorganization or other similar law affecting the enforcement of creditors' rights generally, (v) acquiesce in writing to any petition filed against it in an involuntary case under United States Bankruptcy Code (as now or hereafter in effect) or under the comparable laws of any jurisdiction (foreign or domestic), (vi) admit in writing its inability to pay its debts as they become due, or (vii) take any action under the laws of any jurisdiction (foreign or domestic) analogous to any of the foregoing; or

(i) a proceeding or case shall be commenced in respect of the Maker, without its application or consent, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, moratorium, dissolution, winding up, or composition or readjustment of its debts,

(ii) the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or any substantial part of its assets in connection with the liquidation or dissolution of the Maker, or (iii) similar relief in respect of it under any law providing for the relief of debtors, and such proceeding or case described in clause (i), (ii) or (iii) shall continue undismissed, or unstayed and in effect, for a period of sixty (60) days or any order for relief shall be entered in an involuntary case under United States Bankruptcy Code (as now or hereafter in effect) or under the comparable laws of any jurisdiction (foreign or domestic) against the Maker or action under the laws of any jurisdiction (foreign or domestic) analogous to any of the foregoing shall be taken with respect to the Maker and shall continue undismissed, or unstayed and in effect for a period of sixty (60) days; or

(j) at any point after the accrual of 200 evaluable patients who have completed surgery and injection of the drug in the Phase 3 clinical trials of Lymphoseek (NEO3-01B and NEO3-01M), the failure of Maker to achieve the primary objective in such trials of efficacy of Lymphoseek, which is the concordance of in-vivo detection rate of Lymphoseek and Vital Blue Dye in tumor-draining sentinel lymph nodes as confirmed by pathology in at least eighty-five percent (85%) of such patients, determined in good faith by the Company and the Holder following a review of the trial data; or

(k) (k) the Bank shall provide written notice to the Maker or Holder of the Bank's termination of the Account Control Agreement, and the Maker does not within forty-five (45) days following such notice (i) establish a replacement blocked account pursuant to Section 5.15 of the Purchase Agreement with another financial institution, on substantially the same terms contained in the Account Control Agreement, or as otherwise reasonably acceptable to Maker and Holder (the "Replacement Account"), (ii) transfer all funds held in the account subject to the Account Control Agreement to the Replacement Account, and (iii) provide evidence to the Holder that an instruction letter, substantially in the form of the Instruction Letter attached as Exhibit M to the Purchase Agreement, has been executed by each of the Maker and Ethicon, irrevocably instructing Ethicon to make payments under the Ethicon Agreement to the Replacement Account; or

(l) the occurrence of any default or event of default under any other Note or the failure by the Maker to comply with its material obligations under the Certificate of Designations governing the terms of the Preferred Stock.

2.2 Remedies Upon An Event of Default. If an Event of Default shall have occurred and shall be continuing, the Holder of this Note may at any time at its option declare the entire unpaid principal balance of this Note, together with all interest accrued hereon, due and payable, and thereupon, the same shall be accelerated and so due and payable, without presentment, demand, protest, or notice, all of which are hereby expressly unconditionally and irrevocably waived by the Maker; *provided, however,* that upon the occurrence of an Event of Default described above, the Holder, in its sole and absolute discretion, may (a) demand that the entire principal amount of this Note then outstanding and all accrued and unpaid interest thereon shall be converted into shares of Common Stock at the Conversion Price per share on the Trading Day immediately preceding the date the Holder demands conversion pursuant to this clause, or (b) exercise or otherwise enforce any one or more of the Holder's rights, powers, privileges, remedies and interests under this Note (including, if applicable, pursuant to Section 3.7 hereof),

the Purchase Agreement, the Registration Rights Agreement or applicable law. No course of delay on the part of the Holder shall operate as a waiver thereof or otherwise prejudice the right of the Holder. No remedy conferred hereby shall be exclusive of any other remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise. No notice or other action of Holder shall be required in the case of an Event of Default set forth in Sections 2.1(h) or (i), and, in such event, the outstanding principal balance and accrued interest hereunder shall be automatically due and payable.

ARTICLE III

CONVERSION; ANTIDILUTION

3.1 Conversion Option. At any time and from time to time on or after the Issuance Date, the entire outstanding principal balance of this Note (the "Conversion Amount") shall be convertible (in whole or in part), at the option of the Holder (the "Conversion Option"), into such number of fully paid and non-assessable shares of Common Stock (the "Conversion Rate") as is determined by dividing (x) that portion of the Conversion Amount as of such date that the Holder elects to convert by (y) the Conversion Price (as defined in Section 3.2 hereof) then in effect on the date on which the Holder faxes a notice of conversion (the "Conversion Notice"), duly executed, to the Maker (facsimile number (614) 793-7520, Attn.: Brent L. Larson, Vice President — Finance) (the "Conversion Date"); *provided, however,* that the Conversion Price shall be subject to adjustment as described in Section 3.5 below. The Holder shall deliver this Note to the Maker at the address designated in the Purchase Agreement at such time that this Note is fully converted. With respect to partial conversions of this Note, the Maker shall keep written records of the amount of this Note converted as of each Conversion Date.

3.2 Conversion Price. The term "Conversion Price" shall mean $[·][1], subject to adjustment under Section 3.5 hereof.

3.3 Mechanics of Conversion.

(a) Not later than three (3) Trading Days after any Conversion Date, the Maker or its designated transfer agent, as applicable, shall issue and deliver to the Depository Trust Company ("DTC") account on the Holder's behalf via the Deposit Withdrawal Agent Commission System ("DWAC") as specified in the Conversion Notice, the number of shares of Common Stock to which the Holder shall be entitled upon such conversion, registered in the name of the Holder or its designee. In the alternative, not later than three (3) Trading Days after any Conversion Date, the Maker shall deliver to the applicable Holder by express courier a certificate or certificates which shall be free of restrictive legends and trading restrictions (other than those required pursuant to the Purchase Agreement) representing the number of shares of Common Stock being acquired upon the conversion of this Note (the "Delivery Date"). Notwithstanding the foregoing to the contrary, the Maker or its transfer agent shall only be obligated to issue and deliver the shares to the DTC on the Holder's behalf via DWAC (or certificates free of restrictive legends) if such conversion is in connection with a sale by the

[1] Closing price of the Common Stock on the issuance date of this Note, as reported by Bloomberg, but not to exceed $0.40.

Holder and the Holder has complied with the applicable prospectus delivery requirements or an exemption from such registration requirements (each as evidenced by documentation furnished to and reasonably satisfactory to the Maker). If in the case of any Conversion Notice such certificate or certificates are not delivered to or as directed by the Holder by the Delivery Date, the Holder shall be entitled by written notice to the Maker at any time on or before its receipt of such certificate or certificates thereafter, to rescind such conversion, in which event the Maker shall immediately return this Note tendered for conversion, whereupon the Maker and the Holder shall each be restored to their respective positions immediately prior to the delivery of such notice of revocation, except that any amounts described in Sections 3.3(b) and (c) shall be payable through the date notice of rescission is given to the Maker.

(b) The Maker understands that a delay in the delivery of the shares of Common Stock upon conversion of this Note beyond the Delivery Date could result in economic loss to the Holder. If the Maker fails to deliver to the Holder such shares via DWAC (or, if applicable, certificates), or fails to deliver unlegended certificates representing such shares if required pursuant to Section 3.3(a) hereof, by the Delivery Date, the Maker shall pay to such Holder, in cash, an amount per Trading Day for each Trading Day until such shares are delivered via DWAC or certificates are delivered (if applicable), together with interest on such amount at a rate of 10% per annum, accruing until such amount and any accrued interest thereon is paid in full, equal to the greater of (A) (i) 1% of the aggregate principal amount of the Notes requested to be converted for the first five (5) Trading Days after the Delivery Date and (ii) 2% of the aggregate principal amount of the Notes requested to be converted for each Trading Day thereafter and (B) $2,000 per day (which amount shall be paid as liquidated damages and not as a penalty). Nothing herein shall limit a Holder's right to pursue actual damages for the Maker's failure to deliver certificates representing shares of Common Stock upon conversion within the period specified herein and such Holder shall have the right to pursue all remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Notwithstanding anything to the contrary contained herein, the Holder shall be entitled to withdraw a Conversion Notice, and upon such withdrawal the Maker shall only be obligated to pay the liquidated damages accrued in accordance with this Section 3.3(b) through the date the Conversion Notice is withdrawn.

3.4 Ownership Cap and Certain Conversion Restrictions.

(a) Notwithstanding anything to the contrary set forth in Section 3 of this Note, at no time may the Holder convert all or a portion of this Note if the number of shares of Common Stock to be issued pursuant to such conversion would exceed, when aggregated with all other shares of Common Stock owned by the Holder at such time, the number of shares of Common Stock which would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder) more than 4.99% of all of the Common Stock outstanding at such time; *provided, however,* that upon the Holder providing the Maker with sixty-one (61) days notice (pursuant to Section 4.1 hereof) (the "Waiver Notice") that the Holder waives the limitations contained in this Section 3.4(a) with regard to any or all shares of Common Stock issuable upon conversion of this Note, this Section 3.4(a) will be of no force or effect with regard to all or a portion of the Note referenced in the Waiver Notice.

(b) Notwithstanding anything to the contrary set forth in Section 3 of this Note, at no time may the Holder convert all or a portion of this Note if the number of shares of Common Stock to be issued pursuant to such conversion, when aggregated with all other shares of Common Stock owned by the Holder at such time, would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock outstanding at such time; provided, however, that upon the Holder providing the Maker with a Waiver Notice that the Holder waives the limitations contained in this Section 3.4(b) with regard to any or all shares of Common Stock issuable upon conversion of this Note, this Section 3.4(b) shall be of no force or effect with regard to all or a portion of the Note referenced in the Waiver Notice.

(c) Notwithstanding the above, the provisions of Section 3.4(a) and 3.4(b) shall not be applicable when calculating any adjustment to the Conversion Price hereunder or any other adjustments under Section 3.5 hereof.

3.5 Adjustment of Conversion Price.

(a) Until the Note has been paid in full or converted in full, the Conversion Price shall be subject to adjustment from time to time as follows (but shall not be increased, other than pursuant to Section 3.5(a)(i) hereof):

(i) *Adjustments for Stock Splits and Combinations*. If the Maker shall at any time or from time to time after the Issuance Date, effect a stock split of the outstanding Common Stock, the applicable Conversion Price in effect immediately prior to the stock split shall be proportionately decreased. If the Maker shall at any time or from time to time after the Issuance Date, combine the outstanding shares of Common Stock, the applicable Conversion Price in effect immediately prior to the combination shall be proportionately increased. Any adjustments under this Section 3.5(a)(i) shall be effective at the close of business on the date the stock split or combination occurs.

(ii) *Adjustments for Certain Dividends and Distributions*. If the Maker shall at any time or from time to time after the Issuance Date, make or issue or set a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in shares of Common Stock, then, and in each event, the applicable Conversion Price in effect immediately prior to such event shall be decreased as of the time of such issuance or, in the event such record date shall have been fixed, as of the close of business on such record date, by multiplying, the applicable Conversion Price then in effect by a fraction:

(A) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date; and

(B) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such

issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

(iii) *Adjustment for Other Dividends and Distributions*. If the Maker shall at any time or from time to time after the Issuance Date, make or issue or set a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in securities of the Maker or any other Person other than shares of Common Stock, then, and in each event, an appropriate revision to the applicable Conversion Price shall be made and provision shall be made (by adjustments of the Conversion Price or otherwise) so that the holders of this Note shall receive upon conversions thereof, in addition to the number of shares of Common Stock receivable thereon, the number of securities of the Maker or other issuer (as applicable) which they would have received had this Note been converted into Common Stock on the date of such event and had thereafter, during the period from the date of such event to and including the Conversion Date, retained such securities (together with any distributions payable thereon during such period), giving application to all adjustments called for during such period under this Section 3.5(a)(iii) with respect to the rights of the holders of this Note; *provided, however,* that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions.

(iv) *Adjustments for Reclassification, Exchange or Substitution*. If the Common Stock issuable upon conversion of this Note at any time or from time to time after the Issuance Date shall be changed to the same or different number of shares of any class or classes of stock, whether by reclassification, exchange, substitution or otherwise (other than by way of a stock split or combination of shares or stock dividends provided for in Sections 3.5(a)(i), (ii) and (iii), or a reorganization, merger, consolidation, or sale of assets provided for in Section 3.5(a)(v)), then, and in each event, an appropriate revision to the Conversion Price shall be made and provisions shall be made (by adjustments of the Conversion Price or otherwise) so that the Holder shall have the right thereafter to convert this Note into the kind and amount of shares of stock and other securities receivable upon reclassification, exchange, substitution or other change, by holders of the number of shares of Common Stock into which such Note might have been converted immediately prior to such reclassification, exchange, substitution or other change, all subject to further adjustment as provided herein.

(v) *Adjustments for Reorganization, Merger, Consolidation or Sales of Assets*. If at any time or from time to time after the Issuance Date there shall be a capital reorganization of the Maker (other than by way of a stock split or combination of shares or stock dividends or distributions provided for in Section 3.5(a)(i), (ii) and (iii), or a reclassification, exchange or substitution of shares provided for in Section 3.5(a)(iv)), or a merger or consolidation of the Maker with or into another corporation where the holders of outstanding voting securities prior to such merger or consolidation do not own over fifty percent (50%) of the outstanding voting securities of the merged or consolidated entity, immediately after such merger or consolidation, or the sale of all or substantially all of the Maker's properties or assets to any other person (an "Organic

Change"), then as a part of such Organic Change, (A) if the surviving entity in any such Organic Change has a class of equity securities registered under the Exchange Act, and its common stock is listed or quoted on a national exchange or the OTC Bulletin Board, an appropriate revision to the Conversion Price shall be made and provision shall be made (by adjustments of the Conversion Price or otherwise) so that the Holder shall have the right thereafter to convert such Note into the kind and amount of shares of stock and other securities or property of the Maker or any successor corporation resulting from such Organic Change, and (B) if the surviving entity in any such Organic Change does not have a class of equity securities registered under the Exchange Act, or its common stock is not listed or quoted on a national exchange or the OTC Bulletin Board, the Holder shall have the right to accelerate the maturity of this Note. In any case referenced in clause (A) above, appropriate adjustment shall be made in the application of the provisions of this Section 3.5(a)(v) with respect to the rights of the Holder after the Organic Change to the end that the provisions of this Section 3.5(a)(v) (including any adjustment in the applicable Conversion Price then in effect and the number of shares of stock or other securities deliverable upon conversion of this Note) shall be applied after that event in as nearly an equivalent manner as may be practicable.

(vi) *Adjustments for Issuance of Additional Shares of Common Stock*. In the event the Maker, shall, at any time, from time to time, issue or sell any additional shares of common stock (otherwise than as provided in the foregoing subsections (i) through (v) of this Section 3.5(a)) ("Additional Shares of Common Stock"), at a price per share less than the Conversion Price then in effect or without consideration, then the Conversion Price upon each such issuance shall be reduced to a price determined by multiplying the Conversion Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock then outstanding plus the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for the shares so issued (or deemed issued) would purchase at such Conversion Price, and (B) the denominator of which is the total number of shares of Common Stock then outstanding plus the number of shares of Common Stock so issued (or deemed issued). Notwithstanding the foregoing, there shall be no adjustment to the Conversion Price upon any issuance or deemed issuance of Common Stock if the holders of a majority of the outstanding principal amount of the Series B Notes waive in writing such adjustment.

(vii) *Issuance of Common Stock Equivalents*. The provisions of this Section 3.5(a)(vii) shall apply if (A) the Maker, at any time after the Issuance Date, shall issue any securities convertible into or exchangeable for, directly or indirectly, Common Stock ("Convertible Securities"), other than the Notes or Preferred Stock issuable pursuant to the Purchase Agreement, or (B) any rights or warrants or options to purchase any such Common Stock or Convertible Securities, other than the Warrants ("Rights") (Convertible Securities and Rights hereafter being collectively referred to as the "Common Stock Equivalents") shall be issued or sold. If the price per share for which Additional Shares of Common Stock is issuable pursuant to any such Common Stock Equivalent shall be (or is subsequently adjusted to be) less than the applicable Conversion Price then in effect, or if, after any such issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be

issuable thereafter is amended or adjusted, and such price as so amended or adjusted shall be less than the applicable Conversion Price in effect at the time of such amendment or adjustment, then the applicable Conversion Price upon each such issuance, amendment or adjustment shall be adjusted as provided in subsection (vi) of this Section 3.5(a), with the maximum number of shares of Common Stock issuable upon conversion or exercise of such Common Stock Equivalents being deemed to have be issued or sold by the Company at the time of issuance or sale of such Common Stock Equivalents. For purposes of this Section 3.5(a)(vii), the "price per share for which Additional Shares of Common Stock is issuable" shall be determined by dividing (X) the total amount received or receivable by the Company as consideration for the issue or sale of such Common Stock Equivalents, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exercise thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exercise of all such Common Stock Equivalents. No further adjustment of the Conversion Price shall be made when Common Stock is actually issued upon the conversion or exchange of such Common Stock Equivalents, and if any such issue or sale of Convertible Securities is made upon exercise of any Rights for which adjustment of the Conversion Price had been or are to be made pursuant to other provisions of Section 3.5(a)(vi), no further adjustment of the Conversion Price shall be made by reason of such issue or sale.

(viii) *Consideration for Stock*. In case any shares of Common Stock or any Common Stock Equivalents shall be issued or sold:

(A) in connection with any merger or consolidation in which the Maker is the surviving corporation (other than any consolidation or merger in which the previously outstanding shares of Common Stock of the Maker shall be changed to or exchanged for the stock or other securities of another corporation), the amount of consideration therefor shall be, deemed to be the fair value, as determined reasonably and in good faith by the Board of Directors of the Maker, of such portion of the assets and business of the nonsurviving corporation as such Board may determine to be attributable to such shares of Common Stock, Convertible Securities, rights or warrants or options, as the case may be; or

(B) in the event of any consolidation or merger of the Maker in which the Maker is not the surviving corporation or in which the previously outstanding shares of Common Stock of the Maker shall be changed into or exchanged for the stock or other securities of another corporation, or in the event of any sale of all or substantially all of the assets of the Maker for stock or other securities of any corporation, the Maker shall be deemed to have issued a number of shares of its Common Stock for stock or securities or other property of the other corporation computed on the basis of the actual exchange ratio on which the transaction was predicated, and for a consideration equal to the fair market value on the date of such transaction of all such stock or securities or other property of the other corporation. If any such calculation results in adjustment of the applicable Conversion Price, or the number of shares of Common Stock issuable upon conversion of the Notes, the determination of the applicable Conversion Price or

the number of shares of Common Stock issuable upon conversion of the Notes immediately prior to such merger, consolidation or sale, shall be made after giving effect to such adjustment of the number of shares of Common Stock issuable upon conversion of the Notes. In the event Common Stock is issued with other shares or securities or other assets of the Maker for consideration which covers both, the consideration computed as provided in this Section 3.5(a)(viii) shall be allocated among such securities and assets as determined in good faith by the Board of Directors of the Maker; or

(C) other than as set forth above, for any non-cash consideration, the value of the consideration other than cash received by the Maker shall be deemed to be the fair market value of such consideration, as determined mutually in good faith by the Maker's Board of Directors and the Holder or, if the Maker's Board of Directors and the Holder fail to agree, at the Maker's expense by an appraiser selected the Maker's Board of Directors and reasonably acceptable to the Holder.

(b) Record Date. In case the Maker shall take record of the holders of its Common Stock for the purpose of entitling them to subscribe for or purchase Common Stock or Convertible Securities, then the date of the issue or sale of the shares of Common Stock shall be deemed to be such record date.

(c) Certain Issues Excepted. Anything herein to the contrary notwithstanding, the Maker shall not be required to make any adjustment to the Conversion Price in connection with any of the following: (i) issuance of the Notes, Preferred Stock or Warrants to the Purchasers pursuant to the terms of the Purchase Agreement; (ii) issuances of securities upon the exercise or exchange of or conversion of any securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Note, provided that such securities have not been amended since the date of this Note to increase the number of such securities or to decrease the exercise, exchange or conversion price of any such securities (including the Notes, Preferred Stock and Warrants issued to the Purchasers pursuant to the Purchase Agreement); (iii) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors, but not including a transaction with an entity whose primary business is investing in securities or a transaction, the primary purpose of which is to raise capital; (iv) the issuance of shares of Common Stock in payment of interest on the Notes, or as a dividend or distribution on the Preferred Stock; or (v) issuances, pursuant to option plans existing on December 26, 2007, of options to employees, officers or directors of the Company, approved by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established for such purpose to the extent such issuances (x) are at an exercise price of not less than the Closing Price on the date of grant and (y) are at an exercise price greater than $0.26 per share.

(d) No Impairment. The Maker shall not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Maker, but will at all times in good faith, assist in the carrying out of all the provisions of this

Section 3.5 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the Holder against impairment.

(e) Certificates as to Adjustments. Upon occurrence of each adjustment or readjustment of the Conversion Price or number of shares of Common Stock issuable upon conversion of this Note pursuant to this Section 3.5, the Maker at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Holder a certificate setting forth such adjustment and readjustment, showing in detail the facts upon which such adjustment or readjustment is based. The Maker shall, upon written request of the Holder, at any time, furnish or cause to be furnished to the Holder a like certificate setting forth such adjustments and readjustments, the applicable Conversion Price in effect at the time, and the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon the conversion of this Note. Notwithstanding the foregoing, the Maker shall not be obligated to deliver a certificate unless such certificate would reflect an increase or decrease of at least one percent (1%) of such adjusted amount.

(f) Issue Taxes. The Maker shall pay any and all issue and other taxes, excluding federal, state or local income taxes, that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of this Note pursuant thereto; provided, however, that the Maker shall not be obligated to pay any transfer taxes resulting from any transfer requested by the Holder in connection with any such conversion.

(g) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of this Note. In lieu of any fractional shares to which the Holder would otherwise be entitled, the Maker shall pay cash equal to the product of such fraction multiplied by the average of the Closing Prices of the Common Stock for the five (5) consecutive Trading Days immediately preceding the Conversion Date.

(h) Regulatory Compliance. If any shares of Common Stock to be reserved for the purpose of conversion of this Note or any interest accrued thereon require registration or listing with or approval of any governmental authority, stock exchange or other regulatory body under any federal or state law or regulation or otherwise before such shares may be validly issued or delivered upon conversion, the Maker shall, at its sole cost and expense, in good faith and as expeditiously as possible, endeavor to secure such registration, listing or approval, as the case may be.

3.6 Inability to Fully Convert.

(a) Holder's Option if Maker Cannot Fully Convert. If, upon the Maker's receipt of a Conversion Notice, the Maker cannot issue shares of Common Stock registered for resale under the Registration Statement if required pursuant to the Registration Rights Agreement for any reason, including, without limitation, because the Maker (i) does not have a sufficient number of shares of Common Stock authorized and available, (ii) is otherwise prohibited by applicable law or by the rules or regulations of any stock exchange, interdealer quotation system or other self-regulatory organization with jurisdiction over the Maker or any of its securities from issuing all of the Common Stock which is to be issued to the Holder pursuant to a Conversion Notice or (iii) fails to have a sufficient number of shares of Common Stock

registered for resale under the Registration Statement, then the Maker shall issue as many shares of Common Stock as it is able to issue in accordance with the Holder's Conversion Notice and, with respect to the unconverted portion of this Note, the Holder, solely at Holder's option (and in addition to all other remedies hereunder), can elect to:

(A) require the Maker to prepay that portion of this Note for which the Maker is unable to issue Common Stock in accordance with the Holder's Conversion Notice (the "Mandatory Prepayment") in an amount equal to one hundred twenty-five percent (125% of the portion of aggregate principal amount of this Note that Maker was unable to convert to Common Stock (the "Mandatory Prepayment Price");

(B) if the Maker's inability to fully convert is pursuant to Section 3.6(a)(iii) above, require the Maker to issue restricted shares of Common Stock in accordance with such holder's Conversion Notice; or

(C) void its Conversion Notice and retain or have returned, as the case may be, this Note that was to be converted pursuant to the Conversion Notice (provided that the Holder's voiding its Conversion Notice shall not effect the Maker's obligations to make any payments which have accrued prior to the date of such notice).

(b) Mechanics of Fulfilling Holder's Election. The Maker shall immediately send via facsimile to the Holder, upon receipt of a facsimile copy of a Conversion Notice from the Holder which cannot be fully satisfied as described in Section 3.6(a) above, a notice of the Maker's inability to fully satisfy the Conversion Notice (the "Notice of Inability to Convert"). Such Inability to Convert Notice shall indicate (i) the reason why the Maker is unable to fully satisfy such holder's Conversion Notice, (ii) the amount of this Note which cannot be converted, and (iii) the applicable Mandatory Prepayment Price. The Holder shall notify the Maker of its election pursuant to Section 3.6(a) above by delivering written notice via facsimile to the Maker ("Election Upon Inability to Convert").

(c) Payment of Prepayment Price. If the Holder shall elect to have its Notes prepaid pursuant to Section 3.6(a)(A) above, the Maker shall pay the Mandatory Prepayment Price to the Holder within thirty (30) days of the Maker's receipt of the Holder's Election Upon Inability to Convert, provided that prior to the Maker's receipt of the Holder's Election Upon Inability to Convert the Maker has not delivered a notice to the Holder stating, to the satisfaction of the Holder, that the event or condition resulting in the Mandatory Prepayment has been cured and all Conversion Shares issuable to the Holder can and will be delivered to the Holder in accordance with the terms of this Note. If the Maker shall fail to pay the applicable Mandatory Prepayment Price to the Holder within five (5) business days following the Maker's receipt of the Holder's Election Upon Inability to Convert (other than pursuant to a dispute as to the determination of the arithmetic calculation of the Mandatory Prepayment Price), in addition to any remedy the Holder may have under this Note and the Purchase Agreement, such unpaid amount shall bear interest at the rate of two percent (2%) per month (prorated for partial months) until paid in full. Until the full Mandatory Prepayment Price is paid in full to the Holder, the Holder may (i) void the Mandatory Prepayment with respect to that portion of the Note for which

the full Mandatory Prepayment Price has not been paid, (ii) receive back such Note, and (iii) require that the Conversion Price of such returned Note be adjusted to the lesser of (A) the Conversion Price as in effect on the date on which the Holder voided the Mandatory Prepayment and (B) the lowest Closing Price during the period beginning on the Conversion Date and ending on the date the Holder voided the Mandatory Prepayment.

(d) Pro-rata Conversion and Prepayment. In the event the Maker receives a Conversion Notice from more than one holder of the Series B Notes on the same day and the Maker can convert and prepay some, but not all, of the Series B Notes pursuant to this Section 3.6, the Maker shall convert and prepay from each holder of the Series B Notes electing to have its Series B Notes converted and prepaid at such time an amount equal to such holder's pro-rata amount (based on the principal amount of the Series B Notes held by such holder relative to the principal amount of the Series B Notes outstanding) of all the Series B Notes being converted and prepaid at such time.

3.7 Prepayment Upon Triggering Event.

(a) Prepayment Option Upon Triggering Event. In addition to all other rights of the Holder contained herein, after a Triggering Event (as defined below), the Holder shall have the right, at the Holder's option, to require the Maker to prepay all or a portion of this Note in cash at a price equal to the sum of (i) the greater of (A) one hundred percent (100%) of the aggregate principal amount of this Note plus all accrued and unpaid interest and (B) the aggregate principal amount of this Note plus all accrued but unpaid interest hereon, divided by the Conversion Price on (x) the date the Prepayment Price (as defined below) is demanded or otherwise due or (y) the date the Prepayment Price is paid in full, whichever is less, multiplied by the VWAP on (x) the date the Prepayment Price is demanded or otherwise due, and (y) the date the Prepayment Price is paid in full, whichever is greater, and (ii) all other amounts, costs, expenses and liquidated damages due in respect of this Note and the other Transaction Documents (the "Prepayment Price"). If the Holder demands payment of the Prepayment Price pursuant to this Section 3.7, the Maker shall deliver such payment to the Holder within 5 business days after the receipt of such demand.

(b) Triggering Event. A "Triggering Event" shall be deemed to have occurred at such time as any of the following events:

(i) any Event of Default pursuant to Sections 2.1 (b), (c) or (d) shall have occurred;

(ii) the Maker's notice to any holder of the Notes, including by way of public announcement, at any time, of its inability to comply or its intention not to comply with proper requests for conversion of any Notes into shares of Common Stock; or

(iii) the Maker deregisters its shares of Common Stock and as a result such shares of Common Stock are no longer publicly traded; or

(iv) the Maker consummates a "going private" transaction and as a result the Common Stock is no longer registered under Sections 12(b) or 12(g) of the Exchange Act.

3.8 No Rights as Shareholder. Nothing contained in this Note shall be construed as conferring upon the Holder, prior to the conversion of this Note, the right to vote or to receive dividends or to consent or to receive notice as a shareholder in respect of any meeting of shareholders for the election of directors of the Maker or of any other matter, or any other rights as a shareholder of the Maker.

ARTICLE IV

COVENANTS

For so long as this Note is outstanding, without the prior written consent of the holders of at least a majority of the then outstanding principal balance hereof:

4.1 No Liens. The Maker shall not, and shall not permit its Subsidiaries to, enter into, create, incur, assume or suffer to exist any Liens on or with respect to any of its assets now owned or hereafter acquired or any interest therein or any income or profits therefrom, other than:

(a) Liens that are Permitted Encumbrances;

(b) Liens for purchase money obligations, incurred in the ordinary course of the Maker's business, to acquire assets that do not exceed the purchase price of the asset and that encumber only the asset being purchased; and

(c) any Lien listed on Schedule 3.12 to the Purchase Agreement.

4.2 No Indebtedness. The Maker shall not, and shall not permit any Subsidiary to, enter into, create, incur, assume or suffer to exist any Indebtedness, other than

(a) Indebtedness existing on the date hereof and disclosed in the Commission Documents;

(b) Indebtedness created under the Transaction Documents;

(c) Non-current liabilities for post-employment healthcare and other insurance benefits;

(d) Trade payables and insurance premium financing incurred in the ordinary course of business and consistent with past practices; and

(e) Indebtedness secured by Liens permitted under Section 4.1.

4.3 Compliance with Transaction Documents. The Maker shall, and shall cause its Subsidiaries to, comply with its obligations under this Note, the Series A Note and the other Transaction Documents.

4.4 Compliance with Law. The Maker shall, and shall cause each of its Subsidiaries to, comply with law and duly observe and conform in all material respects to all valid

requirements of Governmental Authorities relating to the conduct of its business or to its properties or assets.

4.5 Transactions with Affiliates. The Maker shall not, and shall not permit its Subsidiaries to, engage in any transactions with any officer, director, employee or any Affiliate of the Maker, including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Maker, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, in each case in excess of $50,000, other than (i) for payment of reasonable salary for services actually rendered, as approved by the Board of Directors of the Maker as fair in all respects to the Maker, and (ii) reimbursement for expenses incurred on behalf of the Maker.

4.6 No Dividends. The Maker shall not, and shall not permit any Subsidiary to, (a) declare or pay any dividends or make any distributions to any holder(s) of Common Stock or other equity security of the Maker or such Subsidiaries (other than dividend and distributions from a Subsidiary to the Maker and dividends on the Preferred Stock), (b) purchase or otherwise acquire for value, directly or indirectly, any shares or other equity security of the Maker, (c) form or create any subsidiary become a partner in any partnership or joint venture, or make any acquisition of any interest in any Person or acquire substantially all of the assets of any Person, or (d) transfer, assign, pledge, issue or otherwise permit any equity or other ownership interests in the Subsidiaries to be beneficially owned or held by any person other than the Maker and, in the case of Cira Biosciences, Inc. the persons owning or holding such securities on the date hereof; provided, however, that Maker's Cira Biosciences, Inc. subsidiary may issue equity securities in connection with third-party arms-length capital raising transactions and pay dividends to the holders of such equity securities in accordance with their terms.

4.7 No Merger or Sale of Assets. The Maker shall not, and shall not permit any Subsidiary to, (a) merge or consolidate or sell or dispose of all its assets or any substantial portion thereof, or (b) in any way or manner alter its organizational structure or effect a change of entity; *provided, however,* that the Maker shall be permitted to sell or dispose of its assets (but not all or substantially all of its assets) in the ordinary course of its business and consistent with past practice.

4.8 Payment of Taxes, Etc. The Maker shall, and shall cause each of its Subsidiaries to, promptly pay and discharge, or cause to be paid and discharged, when due and payable, all lawful taxes, assessments and governmental charges or levies imposed upon the income, profits, property or business of the Maker and the Subsidiaries, except for such failures to pay that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect; provided, however, that any such tax, assessment, charge or levy need not be paid if the validity thereof shall currently be contested in good faith by appropriate proceedings and if the Maker or such Subsidiaries shall have set aside on its books adequate reserves with respect thereto, and provided, further, that the Maker and such Subsidiaries will pay all such taxes, assessments, charges or levies forthwith upon the commencement of proceedings to foreclose any lien which may have attached as security therefor.

4.9 Corporate Existence. the Maker shall, and shall cause each of its Subsidiaries to, maintain in full force and effect its corporate existence, rights and franchises and all licenses and other rights to use property owned or possessed by it and reasonably deemed to be necessary to the conduct of its business.

4.10 Investment Company Act. The Maker shall conduct its businesses in a manner so that it will not become subject to the Investment Company Act of 1940, as amended.

4.11 Maintenance of Assets. The Maker shall, and shall cause its Subsidiaries to, keep its properties in good repair, working order and condition, reasonable wear and tear excepted, and from time to time make all necessary and proper repairs, renewals, replacements, additions and improvements thereto.

4.12 Indebtedness to Affiliates. The Maker shall not, and shall not permit any Subsidiary to, make any payment on any indebtedness owed to officers, directors or Affiliates, except for reimbursements of reasonable and typical business expenses.

4.13 Restriction on Dividends. The Maker shall not, and shall not permit any Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to pay dividends or distributions to the Maker, pay any indebtedness owed to the Maker or transfer any properties or assets to the Maker

4.14 No Investments. The Maker shall not, and shall not permit any Subsidiary to, make or suffer to exist any Investments or commitments therefor, other than Investments made in the ordinary course of business.

4.15 Transfers to Subsidiaries. The Maker shall not make any transfers of funds or other assets to any Subsidiary except in the ordinary course of business and consistent with past practice.

ARTICLE V

MISCELLANEOUS

5.1 Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery, telecopy or facsimile at the address or number designated in the Purchase Agreement (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The Maker will give written notice to the Holder at least ten (10) days prior to the date on which the Maker takes a record (x) with respect to any dividend or distribution upon the Common Stock, (y) with respect to any pro rata subscription offer to holders of Common Stock or (z) for determining rights to vote with respect to any Organic Change, dissolution, liquidation or winding-up and in no event shall such notice be provided to such holder prior to such information being made known to the

public. The Maker will also give written notice to the Holder at least ten (10) days prior to the date on which any Organic Change, dissolution, liquidation or winding-up will take place and in no event shall such notice be provided to the Holder prior to such information being made known to the public. The Maker shall promptly notify the Holder of this Note of any notices sent or received, or any actions taken with respect to the Series B Notes.

5.2 Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to any of the conflicts of law principles which would result in the application of the substantive law of another jurisdiction. This Note shall not be interpreted or construed with any presumption against the party causing this Note to be drafted.

5.3 Headings. Article and section headings in this Note are included herein for purposes of convenience of reference only and shall not constitute a part of this Note for any other purpose.

5.4 Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note, at law or in equity (including, without limitation, a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a holder's right to pursue actual damages for any failure by the Maker to comply with the terms of this Note. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the holder thereof and shall not, except as expressly provided herein, be subject to any other obligation of the Maker (or the performance thereof). The Maker acknowledges that a breach by it of its obligations hereunder will cause irreparable and material harm to the Holder and that the remedy at law for any such breach may be inadequate. Therefore the Maker agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available rights and remedies, at law or in equity, to seek and obtain such equitable relief, including but not limited to an injunction restraining any such breach or threatened breach, without the necessity of showing economic loss and without any bond or other security being required.

5.5 Enforcement Expenses. In the event of any default under this Note, Maker agrees to pay the reasonable costs and expenses of Holder in enforcing this Note (including reasonable attorneys' fees and court costs), subject, in the case of any suit, action or proceeding to enforce this Note, to Section 5.9.

5.6 Binding Effect. The obligations of the Maker and the Holder set forth herein shall be binding upon the successors and assigns of each such party, whether or not such successors or assigns are permitted by the terms hereof.

5.7 Amendments. This Note may not be modified or amended in any manner except in writing executed by the Maker and the holders of a majority of the outstanding principal balance of the Series B Notes.

5.8 Compliance with Securities Laws. The Holder of this Note acknowledges that this Note is being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder shall not offer, sell or otherwise dispose of this Note. This Note and any Note issued in substitution or replacement therefor shall be stamped or imprinted with a legend in substantially the following form:

"THIS NOTE AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR RECEIPT BY THE MAKER OF AN OPINION OF COUNSEL IN THE FORM, SUBSTANCE AND SCOPE REASONABLY SATISFACTORY TO THE MAKER THAT THIS NOTE AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION HEREOF HAVE MAY BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE DISPOSED OF, UNDER AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND SUCH STATE SECURITIES LAWS."

5.9 Consent to Jurisdiction. Each of the Maker and the Holder irrevocably agrees that the any legal action or proceeding arising out of or relating to this Note may be brought in the Courts of New York County, New York or of the United States of America for the Southern District of New York and hereby expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and expressly waives any claim of improper venue and any claim that such courts are an inconvenient forum. Each of the Maker and the Holder hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, at the address in effect for notices to it under the Purchase Agreement, such service to become effective 10 days after such mailing. Nothing in this Section 5.9 shall affect or limit any right to serve process in any other manner permitted by law. Each of the Maker and the Holder hereby agree that the prevailing party in any suit, action or proceeding arising out of or relating to this Note shall be entitled to reimbursement for reasonable legal fees from the non-prevailing party. The Maker and the Holder hereby waive all rights to trial by jury.

5.10 Parties in Interest. This Note shall be binding upon, inure to the benefit of and be enforceable by the Maker, the Holder and their respective successors and permitted assigns.

5.11 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

5.12 Waivers; Dispute Resolution.

(a) Except as otherwise specifically provided herein, the Maker and all others that may become liable for all or any part of the obligations evidenced by this Note, hereby waive presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, and do hereby consent to any number of renewals of extensions of the time or payment hereof and agree

that any such renewals or extensions may be made without notice to any such persons and without affecting their liability herein and do further consent to the release of any person liable hereon, all without affecting the liability of the other persons, firms or Maker liable for the payment of this Note. No delay or omission on the part of the Holder in exercising its rights under this Note, or course of conduct relating hereto, shall operate as a waiver of such rights or any other right of the Holder, nor shall any waiver by the Holder of any such right or rights on any one occasion be deemed a waiver of the same right or rights on any future occasion.

(b) In the case of a dispute as to the determination of the Closing Price or the VWAP or the arithmetic calculation of the Conversion Price, any adjustment to the Conversion Price, liquidated damages amount, interest or dividend calculation, or any redemption price, redemption amount, adjusted Conversion Price, or similar calculation, or as to whether a subsequent issuance of securities is prohibited hereunder or would lead to an adjustment to the Conversion Price, the Maker shall submit the disputed determinations or arithmetic calculations via facsimile within two (2) Business Days of receipt, or deemed receipt, of the Conversion Notice, any redemption notice, default notice or other event giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Maker are unable to agree upon such determination or calculation within two (2) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Maker shall, within two (2) Business Days submit via facsimile (a) the disputed determination of the Closing Price or the VWAP to an independent, reputable investment bank selected by the Maker and approved by the Holder, which approval shall not be unreasonably withheld, (b) the disputed arithmetic calculation of the Conversion Price, adjusted Conversion Price or any redemption price, redemption amount or default amount to the Maker's independent, outside accountant or (c) the disputed facts regarding whether a subsequent issuance of securities is prohibited hereunder or would lead to an adjustment to the Conversion Price (or any of the other above described facts not expressly designated to the investment bank or accountant), to an expert attorney from a nationally recognized outside law firm (having at least 100 attorneys and having with no prior relationship with the Maker) selected by the Maker and approved by the Lead Purchaser as defined in the Purchase Agreement). The Maker, at the Maker's expense, shall cause the investment bank, the accountant, the law firm, or other expert, as the case may be, to perform the determinations or calculations and notify the Maker and the Holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's, accountant's or attorney's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

5.13 Additional Definitions. Terms used herein and not defined shall have the meanings set forth in the Purchase Agreement. For the purposes hereof, the following terms shall have the following meanings:

"Closing Price" shall mean (i) the last trading price per share of the Common Stock on such date on the OTC Bulletin Board or a registered national stock exchange on which the Common Stock is then listed, or if there is no such price on such date, then the last trading price on such exchange or quotation system on the date nearest preceding such date, or (ii) if the price of the Common Stock is not then reported by the OTC Bulletin Board or a registered national securities exchange, then the average of the "Pink Sheet" quotes for the relevant date, as reported by the National Quotation Bureau, Inc., or (iii) if the Common Stock is not then publicly traded the fair

market value of a share of Common Stock as determined by the Holder and reasonably acceptable to the Maker.

"Equity Conditions" shall mean, during the period in question, (i) the Maker shall have duly honored all conversions and redemptions scheduled to occur or occurring by virtue of one or more Conversion Notices of the Holder, if any, (ii) all liquidated damages and other amounts owing to the Holder in respect of this Note shall have been paid; (iii) there is an effective Registration Statement pursuant to which the Holder is permitted to utilize the prospectus thereunder to resell all of the shares issuable pursuant to the Transaction Documents, whether by conversion or exercise, forced conversion, in lieu of cash interest or otherwise (and the Maker believes, in good faith, that such effectiveness will continue uninterrupted for the foreseeable future), (iv) the Common Stock is trading on the Trading Market and all of the shares issuable pursuant to the Transaction Documents are listed for trading on a Trading Market (and the Maker believes, in good faith, that trading of the Common Stock on a Trading Market will continue uninterrupted for the foreseeable future), (v) there is a sufficient number of authorized but unissued and otherwise unreserved shares of Common Stock for the issuance of all of the shares issuable pursuant to the Transaction Documents, (vi) there is then existing no Event of Default or event which, with the passage of time or the giving of notice, would constitute an Event of Default, (vii) the issuance of the shares in question (including shares of Common Stock as interest hereunder) to the Holder would not violate the 4.99% or 9.99% beneficial ownership limitations set forth in Section 3.4 hereof, and (viii) no public announcement of a pending or proposed Triggering Event has occurred.

"Investment" means, with respect to any Person, all investments in any other Person, whether by way of extension of credit, loan, advance, purchase of stock or other ownership interest (other than ownership interests in such Person), bonds, notes, debentures or other securities, or otherwise, and whether existing on the date of this Agreement or thereafter made, but such term shall not include the cash surrender value of life insurance policies on the lives of officers or employees, excluding amounts due from customers for services or products delivered or sold in the ordinary course of business.

"Trading Day" means (a) a day on which the Common Stock is traded on the OTC Bulletin Board, or (b) if the Common Stock is not traded on the OTC Bulletin Board, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding its functions of reporting prices); provided , however , that in the event that the Common Stock is not listed or quoted as set forth in (a) or (b) hereof, then Trading Day shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

"Trading Market" means the Over the Counter Bulletin Board, the New York Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the American Stock Exchange.

"VWAP" means, for any date, (i) the daily volume weighted average price of the Common Stock for such date on the OTC Bulletin Board (or national securities exchange, if applicable) as

reported by Bloomberg Financial L.P. (based on a Trading Day from 9:30 a.m. Eastern Time to 4:02 p.m. Eastern Time); (ii) if the Common Stock is not then listed or quoted on the OTC Bulletin Board (or national securities exchange, if applicable) and if prices for the Common Stock are then reported in the "Pink Sheets" published by the Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (iii) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Maker.

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed by its duly authorized officer as of the date first above indicated.

NEOPROBE CORPORATION

By: _____

Its: _____

Exhibit 10.4

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR NEOPROBE CORPORATION SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

SERIES W WARRANT TO PURCHASE

SHARES OF COMMON STOCK

OF

NEOPROBE CORPORATION

Expires December 26, 2012

No.: W W07-01 Number of Shares: 6,000,000
Date of Issuance: December 26, 2007

FOR VALUE RECEIVED, subject to the provisions hereinafter set forth, the undersigned, Neoprobe Corporation, a Delaware corporation (together with its successors and assigns, the "Issuer"), hereby certifies that Platinum-Montaur Life Sciences, LLC or its registered assigns is entitled to subscribe for and purchase, during the period specified in this Warrant, up to Six Million (6,000,000) shares (subject to adjustment as hereinafter provided) of the duly authorized, validly issued, fully paid and non-assessable Common Stock of the Issuer, at an exercise price per share equal to the Warrant Price then in effect, subject, however, to the provisions and upon the terms and conditions hereinafter set forth. Capitalized terms used in this Warrant and not otherwise defined herein shall have the respective meanings specified in Section 9 hereof.

1. Term. The right to subscribe for and purchase shares of Warrant Stock represented hereby shall commence on December 27, 2007 and shall expire at 5:00 p.m., Eastern Time, on December 26, 2012 (such period being the "Term").

2. Method of Exercise Payment; Issuance of New Warrant; Transfer and Exchange.

(a) Time of Exercise. The purchase rights represented by this Warrant may be exercised in whole or in part at any time and from time to time during the Term commencing on December 27, 2007.

(b) Method of Exercise. The Holder hereof may exercise this Warrant, in whole or in part, by the surrender of this Warrant (with the exercise form attached hereto duly executed) at the principal office of the Issuer, and by the payment to the Issuer of an amount of consideration therefor equal to the Warrant Price in effect on the date of such exercise multiplied by the number of shares of Warrant Stock with respect to which this Warrant is then being exercised, payable at such Holder's election (i) by certified or official bank check or by wire transfer to an account designated by the Issuer, (ii) by "cashless exercise" in accordance with the provisions of subsection (c) of this Section 2, but only when a registration statement under the Securities Act providing for resale of all of the Warrant Stock is not then in effect, or (iii) by a combination of the foregoing methods of payment selected by the Holder of this Warrant.

(c) Cashless Exercise. Notwithstanding any provisions herein to the contrary and commencing 6 months following the Original Issue Date, if (i) the Per Share Market Value of one share of Common Stock is greater than the Warrant Price (at the date of calculation as set forth below) and (ii) a registration statement under the Securities Act providing for the resale of all of the Warrant Stock is not then in effect, in lieu of exercising this Warrant by payment of cash, the Holder may exercise this Warrant by a cashless exercise and shall receive the number of shares of Common Stock equal to an amount (as determined below) by surrender of this Warrant at the principal office of the Issuer together with the properly endorsed Notice of Exercise in which event the Issuer shall issue to the Holder a number of shares of Common Stock computed using the following formula:

$$X = Y - \frac{(A)(Y)}{B}$$

Where X = the number of shares of Common Stock to be issued to the Holder.

Y = the number of shares of Common Stock purchasable upon exercise of all of the Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being exercised.

A = the Warrant Price.

B = the Per Share Market Value of one share of Common Stock.

(d) Issuance of Stock Certificates. In the event of any exercise of the rights represented by this Warrant in accordance with and subject to the terms and conditions hereof, (i) certificates for the shares of Warrant Stock so purchased shall be dated the date of such exercise and delivered to the Holder hereof within a reasonable time, not exceeding three (3) Trading Days after such exercise (the "Delivery Date") or, at the request of the Holder, issued and delivered to the Depository Trust Company ("DTC") account on the Holder's behalf via the Deposit Withdrawal Agent Commission System ("DWAC") within a reasonable time, not exceeding three (3) Trading Days after such exercise, and the Holder hereof shall be deemed for all purposes to be the Holder of the shares of Warrant Stock so purchased as of the date of such exercise, and (ii) unless this Warrant has expired, a new Warrant representing the number of shares of Warrant Stock, if any, with respect to which this Warrant shall not then have been exercised (less any amount thereof which shall have been canceled in payment or partial payment of the Warrant Price as hereinabove provided) shall also be issued to the Holder hereof at the Issuer's expense within such time.

(e) Transferability of Warrant. Subject to Section 2(g), this Warrant may be transferred by a Holder without the consent of the Issuer. If transferred pursuant to this paragraph, this Warrant may be transferred on the books of the Issuer by the Holder hereof in person or by the Holder's duly authorized attorney, upon surrender of this Warrant at the principal office of the Issuer, properly endorsed (by the Holder executing an assignment in the form attached hereto) and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer. This Warrant is exchangeable at the principal office of the Issuer for Warrants for the purchase of the same aggregate number of shares of Warrant Stock, each new Warrant to represent the right to purchase such number of shares of Warrant Stock as the Holder hereof shall designate at the time of such exchange. All Warrants issued on transfers or exchanges shall be dated the Original Issue Date and shall be identical with this Warrant except as to the number of shares of Warrant Stock issuable pursuant hereto.

(f) Continuing Rights of Holder. The Issuer will, at the time of or at any time after each exercise of this Warrant, upon the request of the Holder hereof, acknowledge in writing the extent, if any, of its continuing obligation to afford to such Holder all rights to which such Holder shall continue to be entitled after such exercise in accordance with the terms of this Warrant, provided, however, that if any such Holder shall fail to make any such request, the failure shall not affect the continuing obligation of the Issuer to afford such rights to such Holder.

(g) Compliance with Securities Laws.

(i) The Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the shares of Warrant Stock to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell or otherwise dispose of this Warrant or any shares of Warrant Stock to be issued upon exercise hereof except pursuant to an effective registration statement, or an exemption from registration, under the Securities Act and any applicable state securities laws.

(ii) Except as provided in paragraph (iii) below, this Warrant and all certificates representing shares of Warrant Stock issued upon exercise hereof shall be stamped or imprinted with a legend in substantially the following form:

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF

HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR NEOPROBE CORPORATION SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

(iii) The restrictions imposed by this subsection (g) upon the transfer of this Warrant or the shares of Warrant Stock to be purchased upon exercise hereof shall terminate (A) when such securities shall have been resold pursuant to an effective registration statement under the Securities Act, (B) upon the Issuer's receipt of an opinion of counsel, in form and substance reasonably satisfactory to the Issuer, addressed to the Issuer to the effect that such restrictions are no longer required to ensure compliance with the Securities Act and state securities laws or (C) upon the Issuer's receipt of other evidence reasonably satisfactory to the Issuer that such registration and qualification under the Securities Act and state securities laws are not required. Whenever such restrictions shall cease and terminate as to any such securities, the Holder thereof shall be entitled to receive from the Issuer (or its transfer agent and registrar), without expense (other than applicable transfer taxes, if any), new Warrants (or, in the case of shares of Warrant Stock, new stock certificates) of like tenor not bearing the applicable legend required by paragraph (ii) above relating to the Securities Act and state securities laws.

(h) Buy In. In addition to any other rights available to the Holder, if the Issuer fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Stock pursuant to an exercise on or before the Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Stock which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Issuer shall (1) pay in cash to the Holder the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (A) the number of shares of Warrant Stock that the Issuer was required to deliver to the Holder in connection with the exercise at issue times, (B) the price at which the sell order giving rise to such purchase obligation was executed, and (2) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of shares of Warrant Stock for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Issuer timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (1) of the immediately preceding sentence the Issuer shall be required to pay the Holder $1,000. The Holder shall provide the Issuer written notice indicating the amounts payable to the Holder in respect of the Buy-In, together with applicable confirmations and other evidence reasonably requested by the Issuer. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Issuer's failure to timely deliver certificates representing shares of Common Stock upon exercise of this Warrant as required pursuant to the terms hereof.

3. Stock Fully Paid; Reservation and Listing of Shares; Covenants.

(a) Stock Fully Paid. The Issuer represents, warrants, covenants and agrees that all shares of Warrant Stock which may be issued upon the exercise of this Warrant or otherwise hereunder will, upon issuance, be duly authorized, validly issued, fully paid and non-assessable and free from all taxes, liens and charges created by or through Issuer. The Issuer further covenants and agrees that during the period within which this Warrant may be exercised, the Issuer will at all times have authorized and reserved for the purpose of the issue upon exercise of this Warrant a number of shares of Common Stock equal to the aggregate number of shares of Common Stock exercisable hereunder to provide for the exercise of this Warrant (without regard to limitations on exercisability set forth in Section 8).

(b) Reservation. If any shares of Common Stock required to be reserved for issuance upon exercise of this Warrant or as otherwise provided hereunder require registration or qualification with any governmental authority under any federal or state law before such shares may be so issued, the Issuer will in good faith use its best efforts as expeditiously as possible at its expense to cause such shares to be duly registered or qualified. If the Issuer shall list any shares of Common Stock on any securities exchange or market it will, at its expense, list thereon, maintain and increase

when necessary such listing, of, all shares of Warrant Stock from time to time issued upon exercise of this Warrant or as otherwise provided hereunder, and, to the extent permissible under the applicable securities exchange's rules, all unissued shares of Warrant Stock which are at any time issuable hereunder, so long as any shares of Common Stock shall be so listed. The Issuer will also so list on each securities exchange or market, and will maintain such listing of, any other securities which the Holder of this Warrant shall be entitled to receive upon the exercise of this Warrant if at the time any securities of the same class shall be listed on such securities exchange or market by the Issuer.

(c) Covenants. Until the sooner to occur of the full exercise of this Warrant or the end of the Term, except and to the extent as waived or consented to by the Holder, the Issuer shall not by any action, including, without limitation, amending its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment or dilution. Without limiting the generality of the foregoing, the Issuer will (a) not increase the par value of any Warrant Stock above the amount payable therefor upon such exercise immediately prior to such increase in par value, (b) take all such action as may be necessary or appropriate in order that the Issuer may validly and legally issue fully paid and nonassessable Warrant Stock upon the exercise of this Warrant, and (c) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Issuer to perform its obligations under this Warrant.

(d) Loss, Theft, Destruction of Warrants. Upon receipt of evidence satisfactory to the Issuer of the ownership of and the loss, theft, destruction or mutilation of any Warrant and, in the case of any such loss, theft or destruction, upon receipt of indemnity or security satisfactory to the Issuer or, in the case of any such mutilation, upon surrender and cancellation of such Warrant, the Issuer will make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same number of shares of Common Stock.

4. Adjustment of Warrant Price and Warrant Share Number. The number of shares of Common Stock for which this Warrant is exercisable, and the price at which such shares may be purchased upon exercise of this Warrant, shall be subject to adjustment from time to time as set forth in this Section 4. The Issuer shall give the Holder notice of any event described below which requires an adjustment pursuant to this Section 4 in accordance with Section 5. Notwithstanding any adjustment hereunder, at no time shall the Warrant Price be greater than $0.32 per share, except if it is adjusted pursuant to Section 4(b)(iii).

(a) Recapitalization, Reorganization, Reclassification, Consolidation, Merger or Sale.

(i) In case the Issuer after the Original Issue Date shall do any of the following (each, a " Triggering Event"): (a) consolidate with or merge into any other Person and the Issuer shall not be the continuing or surviving corporation of such consolidation or merger, or (b) permit any other Person to consolidate with or merge into the Issuer and the Issuer shall be the continuing or surviving Person but, in connection with such consolidation or merger, any Capital Stock of the Issuer shall be changed into or exchanged for Securities of any other Person or cash or any other property, or (c) transfer all or substantially all of its properties or assets to any other Person, or (d) effect a capital reorganization or reclassification of its Capital Stock, then, and in the case of each such Triggering Event, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the Holder of this Warrant shall be entitled upon the exercise hereof at any time after the consummation of such Triggering Event, to the extent this Warrant is not exercised prior to such Triggering Event, to receive at the Warrant Price in effect at the time immediately prior to the consummation of such Triggering Event in lieu of the Common Stock issuable upon such exercise of this Warrant prior to such Triggering Event, the Securities, cash and property to which such Holder would have been entitled upon the consummation of such Triggering Event if such Holder had exercised the rights represented by this Warrant (without giving effect to the limitations on exercise set forth in Section 8 hereof) immediately prior thereto (including the right to elect the type of consideration, if applicable), subject to adjustments (subsequent to such corporate action) as nearly equivalent as possible to the adjustments provided for elsewhere in this Section 4. Unless the surviving entity in any such Triggering Event is subject to the reporting requirements under Sections 13 or 15(d) the Securities Exchange Act of 1934, the common equity securities of which are traded or quoted on a national securities exchange or the OTC Bulletin Board (a "Qualifying Entity"), the Holder, at its option, shall

be permitted to require that the Company pay to the Holder an amount equal to the Black-Scholes value of this Warrant.

(ii) Notwithstanding anything contained in this Warrant to the contrary and so long as the surviving entity is a Qualifying Entity, the Issuer will not be deemed to have effected any Triggering Event if, prior to the consummation thereof, each Person (other than the Issuer) which may be required to deliver any Securities, cash or property upon the exercise of this Warrant as provided herein shall assume, by written instrument delivered to the Holder of this Warrant and reasonably satisfactory to the Holder, (A) the obligations of the Issuer under this Warrant (and if the Issuer shall survive the consummation of such Triggering Event, such assumption shall be in addition to, and shall not release the Issuer from, any continuing obligations of the Issuer under this Warrant) and (B) the obligation to deliver to such Holder such shares of Securities, cash or property as, in accordance with the foregoing provisions of this subsection (a), such Holder shall be entitled to receive, and such Person shall have similarly delivered to such Holder, an opinion of counsel for such Person, which shall be reasonably satisfactory to the Holder, stating that this Warrant shall thereafter continue in full force and effect and the terms hereof (including, without limitation, all of the provisions of this subsection (a)) shall be applicable to the Securities, cash or property which such Person may be required to deliver upon any exercise of this Warrant or the exercise of any rights pursuant hereto.

(b) Stock Dividends, Subdivisions and Combinations. If at any time the Issuer shall:

(i) set a record date or take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend payable in, or other distribution of, shares of Common Stock,

(ii) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, or

(iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock,

then (1) the number of shares of Common Stock for which this Warrant is exercisable immediately after the occurrence of any such event shall be adjusted to equal the number of shares of Common Stock which a record holder of the same number of shares of Common Stock for which this Warrant is exercisable immediately prior to the occurrence of such event (without giving effect to the limitations on exercise set forth in Section 8 hereof) would own or be entitled to receive after the happening of such event, and (2) the Warrant Price then in effect shall be adjusted to equal (A) the Warrant Price then in effect multiplied by the number of shares of Common Stock for which this Warrant is exercisable immediately prior to the adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof) divided by (B) the number of shares of Common Stock for which this Warrant is exercisable immediately after such adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof).

(c) Certain Other Distributions. If at any time the Issuer shall set a record date or take a record of the holders of its Common Stock for the purpose of entitling them to receive any dividend or other distribution of:

(i) cash (other than a cash dividend payable out of earnings or earned surplus legally available for the payment of dividends under the laws of the jurisdiction of incorporation of the Issuer),

(ii) any evidences of its indebtedness, any shares of stock of any class or any other securities or property of any nature whatsoever (other than cash, Common Stock Equivalents, Additional Shares of Common Stock or Permitted Issuances), or

(iii) any warrants or other rights to subscribe for or purchase any evidences of its indebtedness, any shares of stock of any class or any other securities or property of any nature whatsoever (other than cash, Common Stock Equivalents, Additional Shares of Common Stock or Permitted Issuances),

then (1) the number of shares of Common Stock for which this Warrant is exercisable shall be adjusted to equal the product of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof) multiplied by a fraction (A) the numerator of which shall be the Per Share Market Value of Common Stock at the date of taking such record and (B)

the denominator of which shall be such Per Share Market Value minus the amount allocable to one share of Common Stock of any such cash so distributable and of the fair value (as determined in good faith by the Board of Directors of the Issuer and supported by an opinion from an investment banking firm reasonably acceptable to the Holder) of any and all such evidences of indebtedness, shares of stock, other securities or property or warrants or other subscription or purchase rights so distributable, and (2) the Warrant Price then in effect shall be adjusted to equal (A) the Warrant Price then in effect multiplied by the number of shares of Common Stock for which this Warrant is exercisable immediately prior to the adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof) divided by (B) the number of shares of Common Stock for which this Warrant is exercisable immediately after such adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof). A reclassification of the Common Stock (other than a change in par value, or from par value to no par value or from no par value to par value) into shares of Common Stock and shares of any other class of stock shall be deemed a distribution by the Issuer to the holders of its Common Stock of such shares of such other class of stock within the meaning of this Section 4(c) and, if the outstanding shares of Common Stock shall be changed into a larger or smaller number of shares of Common Stock as a part of such reclassification, such change shall be deemed a subdivision or combination, as the case may be, of the outstanding shares of Common Stock within the meaning of Section 4(b).

(d) Issuance of Additional Shares of Common Stock.

(i) In the event the Issuer shall at any time following the Original Issue Date issue any Additional Shares of Common Stock (otherwise than as provided in the foregoing subsections (a) through (c) of this Section 4), at a price per share less than the Warrant Price then in effect or without consideration, then the Warrant Price upon each such issuance shall be adjusted to the price equal to the price determined by multiplying the Warrant Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock then outstanding immediately prior to the time of such issuance (or deemed issuance) plus the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for the shares so issued (or deemed issued) would purchase at such Warrant Price, and (B) the denominator of which is the total number of shares of Common Stock then outstanding plus the number of shares of Common Stock so issued (or deemed issued). Notwithstanding the foregoing, there shall be no adjustment to the Warrant Price upon any issuance or deemed issuance of Common Stock if the holders of a majority of the outstanding Series A Preferred Stock waive in writing such adjustment.

(ii) No adjustment of the Warrant Price shall be made under paragraph (i) of Section 4(d) upon the issuance of any Additional Shares of Common Stock which are issued pursuant to the exercise or conversion of any Common Stock Equivalents if any such adjustment shall previously have been made upon the issuance of such Common Stock Equivalents, or upon the issuance of any warrant or other rights therefor pursuant to Sections 4(e) or 4(f), or in connection with any Permitted Issuances.

(e) [reserved]

(f) Issuance of Common Stock Equivalents. If at any time prior the Issuer shall take a record of the Holders of its Common Stock for the purpose of entitling them to receive a distribution of, or shall in any manner (whether directly or by assumption in a merger in which the Issuer is the surviving corporation) issue or sell, any Common Stock Equivalents, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the Common Stock Equivalent Consideration (hereafter defined) per share for which Common Stock is issuable upon such conversion or exchange shall be less than the Warrant Price in effect immediately prior to the time of such issue or sale, or if, after any such issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the applicable Warrant Price in effect at the time of such amendment or adjustment, then the Warrant Price then in effect immediately prior to the time of such issue or sale, shall upon each such issuance or sale be adjusted as provided Section 4(d)(i), with the maximum number of shares of Common Stock issuable upon conversion or exercise of such Common Stock Equivalents being deemed to have be issued or sold by the Company at the time of issuance or sale of such Common Stock Equivalents. For purposes of this Section 4(f), the "price per share for which Additional Shares of Common Stock is issuable" shall be determined by dividing (X) the total amount received or receivable by the Company as consideration for the issue or sale of such Common Stock Equivalents, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exercise thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exercise of all such Common Stock

Equivalents. No further adjustment of the Warrant Price then in effect shall be made under this Section 4(f) upon the issuance of any Common Stock Equivalents which are issued pursuant to the exercise of any warrants or other subscription or purchase rights therefor, if any such adjustment shall previously have been made upon the issuance of such warrants or other rights pursuant to Section 4(e). No further adjustments of the Warrant Price then in effect shall be made upon the actual issue of such Common Stock upon conversion or exchange of such Common Stock Equivalents if adjustment shall have previously been made pursuant to this section. No adjustments of the Warrant Price shall be made under this Section 4(f) in connection with any Permitted Issuances.

(g) Superseding Adjustment. If, at any time after any adjustment of the Warrant Price then in effect shall have been made pursuant to Section 4(e) or Section 4(f) as the result of any issuance of warrants, other rights or Common Stock Equivalents, and (i) such warrants or other rights, or the right of conversion or exchange in such other Common Stock Equivalents, shall expire, and all or a portion of such warrants or other rights, or the right of conversion or exchange with respect to all or a portion of such other Common Stock Equivalents, as the case may be shall not have been exercised, or (ii) the consideration per share for which shares of Common Stock are issuable pursuant to such Common Stock Equivalents, shall be increased solely by virtue of provisions therein contained for an automatic increase in such consideration per share upon the occurrence of a specified date or event, then for each outstanding Warrant such previous adjustment shall be rescinded and annulled. Upon the occurrence of an event set forth in this Section 4(g) above, there shall be a recomputation made of the effect of such Common Stock Equivalents on the basis of: (i) treating the number of Additional Shares of Common Stock or other property, if any, theretofore actually issued or issuable pursuant to the previous exercise of any such warrants or other rights or any such right of conversion or exchange, as having been issued on the date or dates of any such exercise and for the consideration actually received and receivable therefor, and (ii) treating any such Common Stock Equivalents which then remain outstanding as having been granted or issued immediately after the time of such increase of the consideration per share for which shares of Common Stock or other property are issuable under such Common Stock Equivalents; whereupon a new adjustment of the Warrant Price then in effect shall be made, which new adjustment shall supersede the previous adjustment so rescinded and annulled.

(h) Purchase of Common Stock by the Issuer. If the Issuer at any time while this Warrant is outstanding shall, directly or indirectly through a Subsidiary or otherwise, purchase, redeem or otherwise acquire any shares of Common Stock at a price per share greater than the Per Share Market Value, then the Warrant Price upon each such purchase, redemption or acquisition shall be adjusted to that price determined by multiplying such Warrant Price by a fraction (i) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such purchase, redemption or acquisition minus the number of shares of Common Stock which the aggregate consideration for the total number of such shares of Common Stock so purchased, redeemed or acquired would purchase at the Per Share Market Value; and (ii) the denominator of which shall be the number of shares of Common Stock outstanding immediately after such purchase, redemption or acquisition. For the purposes of this subsection (h), the date as of which the Per Share Market Price shall be computed shall be the earlier of (x) the date on which the Issuer shall enter into a firm contract for the purchase, redemption or acquisition of such Common Stock, or (y) the date of actual purchase, redemption or acquisition of such Common Stock. For the purposes of this subsection (h), a purchase, redemption or acquisition of a Common Stock Equivalent shall be deemed to be a purchase of the underlying Common Stock, and the computation herein required shall be made on the basis of the full exercise, conversion or exchange of such Common Stock Equivalent on the date as of which such computation is required hereby to be made, whether or not such Common Stock Equivalent is actually exercisable, convertible or exchangeable on such date.

(i) Other Provisions Applicable to Adjustments under this Section. The following provisions shall be applicable to the making of adjustments of the number of shares of Common Stock for which this Warrant is exercisable and the Warrant Price then in effect provided for in this Section 4:

(i) *Computation of Consideration.* To the extent that any Additional Shares of Common Stock or any Common Stock Equivalents (or any warrants or other rights therefor) shall be issued for cash consideration, the consideration received by the Issuer therefor shall be the amount of the cash received by the Issuer therefor, or, if such Additional Shares of Common Stock or Common Stock Equivalents are offered by the Issuer for subscription, the subscription price, or, if such Additional Shares of Common Stock or Common Stock Equivalents are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price (in any such case subtracting any amounts paid or receivable for accrued interest or accrued dividends and without taking into account any compensation, discounts or expenses paid or incurred by the Issuer for and in the underwriting of, or otherwise in connection with, the issuance thereof). To the extent

that such issuance shall be for a consideration other than cash, then, except as herein otherwise expressly provided, the amount of such consideration shall be deemed to be the fair value of such consideration at the time of such issuance as mutually determined in good faith by the Board of Directors of the Issuer and the Majority Holders. The consideration for any Additional Shares of Common Stock issuable pursuant to any warrants or other rights to subscribe for or purchase the same shall be the consideration received by the Issuer for issuing such warrants or other rights divided by the number of shares of Common Stock issuable upon the exercise of such warrant or right plus the additional consideration payable to the Issuer upon exercise of such warrant or other right for one share of Common Stock (together the "Warrant Consideration"). The consideration for any Additional Shares of Common Stock issuable pursuant to the terms of any Common Stock Equivalents shall be the consideration received by the Issuer for issuing such Common Stock Equivalent, divided by the number of shares of Common Stock issuable upon the conversion or other exercise of such Common Stock Equivalent, plus the additional consideration, if any, payable to the Issuer upon the exercise of the right of conversion or exchange in such Common Stock Equivalent for one share of Common Stock (together the "Common Stock Equivalent Consideration"). In case of the issuance at any time of any Additional Shares of Common Stock or Common Stock Equivalents in payment or satisfaction of any dividends upon any class of stock other than Common Stock, the Issuer shall be deemed to have received for such Additional Shares of Common Stock or Common Stock Equivalents a consideration equal to the amount of such dividend so paid or satisfied.

(ii) *Adjustments of Number of Shares*. In connection with an adjustment of the Warrant Price pursuant to Sections (d), (e), (f), (g) and (h) of this Section 4, the number of shares of Common Stock issuable hereunder shall be increased such that the aggregate Warrant Price payable hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the aggregate Warrant Price prior to such adjustment.

(iii) *Fractional Interests.* In computing adjustments under this Section 4, fractional interests in Common Stock shall be taken into account to the nearest one one-hundredth (1/100 th) of a share.

(iv) *When Adjustment Not Required.* If the Issuer shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights and shall, thereafter and before the distribution to stockholders thereof, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(j) Form of Warrant after Adjustments. The form of this Warrant need not be changed because of any adjustments in the Warrant Price or the number and kind of securities purchasable upon exercise of this Warrant.

(k) Escrow of Property. If after any property becomes distributable pursuant to this Section 4 by reason of the taking of any record of the holders of Common Stock, but prior to the occurrence of the event for which such record is taken, and the Holder exercises this Warrant, such property shall be held in escrow for the Holder by the Issuer to be distributed to the Holder upon and to the extent that the event actually takes place, upon payment of the then current Warrant Price. Notwithstanding any other provision to the contrary herein, if the event for which such record was taken fails to occur or is rescinded, then such escrowed property shall be returned to the Issuer.

5. Notice of Adjustments. Whenever the Warrant Price or Warrant Share Number shall be adjusted pursuant to Section 4 hereof (for purposes of this Section 5, each an "adjustment"), the Issuer shall cause its Chief Financial Officer to prepare and execute a certificate setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Board made any determination hereunder), and the Warrant Price and Warrant Share Number after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder of this Warrant promptly after each adjustment. Any dispute between the Issuer and the Holder of this Warrant with respect to the matters set forth in such certificate may at the option of the Holder of this Warrant be submitted to one of the national accounting firms currently known as the "big four" selected by the Holder, *provided, however,* that the Issuer shall have ten (10) days after receipt of notice from such Holder of its selection of such firm to object thereto, in which case such Holder shall select another such firm and the Issuer shall have no such right of objection. The firm selected by the Holder of this Warrant as provided in the preceding sentence shall be instructed to deliver a written opinion as to such matters to the Issuer and

such Holder within thirty (30) days after submission to it of such dispute. Such opinion shall be final and binding on the parties hereto.

6. Fractional Shares. No fractional shares of Warrant Stock will be issued in connection with any exercise hereof, but in lieu of such fractional shares, the Issuer shall at its option either (a) make a cash payment therefor equal in amount to the product of the applicable fraction multiplied by the Per Share Market Value then in effect or (b) issue one whole share in lieu of such fractional share.

7. [Reserved]

8. Certain Exercise Restrictions.

(a) Notwithstanding anything to the contrary set forth in this Warrant, at no time may a holder of this Warrant exercise this Warrant if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by such holder at such time, the number of shares of Common Stock which would result in such holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 4.99% of all of the Common Stock outstanding at such time; *provided, however*, that upon a holder of this Warrant providing the Issuer with sixty-one (61) days notice (pursuant to Section 13 hereof) (the "Waiver Notice") that such holder would like to waive this Section 7(a) with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 7(a) will be of no force or effect with regard to all or a portion of the Warrant referenced in the Waiver Notice; provided, further, that this Section 8(a) shall be of no further force or effect during the sixty-one (61) days immediately preceding the expiration of the term of this Warrant.

(b) Notwithstanding anything to the contrary set forth in this Warrant, at no time may a holder of this Warrant exercise this Warrant if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by such holder at such time, the number of shares of Common Stock which would result in such holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 9.99% of all of the Common Stock outstanding at such time; provided, however, that upon a holder of this Warrant providing the Issuer with sixty-one (61) days notice (pursuant to Section 13 hereof) (the "Waiver Notice") that such holder would like to waive this Section 8 with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 8 will be of no force or effect with regard to all or a portion of the Warrant referenced in the Waiver Notice; provided, further, that this Section 8(b) shall be of no further force or effect during the sixty-one (61) days immediately preceding the expiration of the term of this Warrant.

9. Definitions. For the purposes of this Warrant, the following terms have the following meanings:

"Additional Shares of Common Stock" means all shares of Common Stock issued by the Issuer after the Original Issue Date, and all shares of any other Capital Stock of the Issuer of any class which shall be authorized at any time after the date of this Warrant (other than Common Stock) and which shall have the right to participate in the distribution of earnings and assets of the Issuer without limitation as to amount, issued by the Issuer after the Original Issue Date, except for Permitted Issuances.

"Board" shall mean the Board of Directors of the Issuer.

"Capital Stock" means and includes (i) any and all shares, interests, participations or other equivalents of or interests in (however designated) corporate stock, including, without limitation, shares of preferred or preference stock, (ii) all partnership interests (whether general or limited) in any Person which is a partnership, (iii) all membership interests or limited liability company interests in any limited liability company, and (iv) all equity or ownership interests in any Person of any other type.

"Certificate of Incorporation" means the Certificate of Incorporation of the Issuer as in effect on the Original Issue Date, and as hereafter from time to time amended, modified, supplemented or restated in accordance with the terms hereof and thereof and pursuant to applicable law.

"Closing Price" shall mean (i) the last trading price per share of the Common Stock on such date on the

OTC Bulletin Board or a registered national stock exchange on which the Common Stock is then listed, or if there is no such price on such date, then the last trading price on such exchange or quotation system on the date nearest preceding such date, or (ii) if the price of the Common Stock is not then reported by the OTC Bulletin Board or a registered national securities exchange, then the average of the "Pink Sheet" quotes for the relevant date, as reported by the National Quotation Bureau, Inc., or (iii) if the Common Stock is not then publicly traded the fair market value of a share of Common Stock as as mutually determined by the Company and the Majority Holders.

"Common Stock" means the Common Stock, par value $.001 per share, of the Issuer and any other Capital Stock into which such stock may hereafter be changed.

"Common Stock Equivalent" means any Convertible Security or warrant, option or other right to subscribe for or purchase any Additional Shares of Common Stock or any Convertible Security.

"Common Stock Equivalent Consideration" has the meaning specified in Section 4 (i)(i) hereof.

"Convertible Securities" means evidences of Indebtedness, shares of Capital Stock or other Securities which are or may be at any time convertible into or exchangeable for Additional Shares of Common Stock. The term "Convertible Security" means one of the Convertible Securities.

"Governmental Authority" means any governmental, regulatory or self-regulatory entity, department, body, official, authority, commission, board, agency or instrumentality, whether federal, state or local, and whether domestic or foreign.

"Holders" mean the Persons who shall from time to time own any Warrant. The term "Holder" means one of the Holders.

"Independent Appraiser" means a nationally recognized or major regional investment banking firm or firm of independent certified public accountants of recognized standing (which may be the firm that regularly examines the financial statements of the Issuer) that is regularly engaged in the business of appraising the Capital Stock or assets of corporations or other entities as going concerns, and which is not affiliated with either the Issuer or the Holder of any Warrant.

"Issuer" means Neoprobe Corporation, a Delaware corporation, and its successors.

"Majority Holders" means at any time the Holders of Warrants, substantially in the form of this Warrant and issued pursuant to the Purchase Agreement, exercisable for a majority of the shares of Warrant Stock issuable under the Warrants at the time outstanding.

"Original Issue Date" means December 26, 2007.

"OTC Bulletin Board" means the over-the-counter electronic bulletin board.

"Permitted Issuances" means (1) issuances, pursuant to option plans existing on December 26, 2007, of options to employees, officers or directors of the Company , approved by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established for such purpose to the extent such issuances (i) are at an exercise price of not less than the Closing Price on the date of grant and (ii) are at an exercise price greater than $0.26 per share; (2) issuances of securities upon the exercise or exchange of or conversion of any securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the Original Issue Date (including this Warrant and the other securities issued pursuant to the Purchase Agreement), provided that such securities have not been amended since the Original Issue Date to increase the number of such securities or to decrease the exercise, exchange or conversion price of any such securities; and (3) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors, but not including a transaction with an entity whose primary business is investing in securities or a transaction, the primary purpose of which is to raise capital.

"Person" means an individual, corporation, limited liability company, partnership, joint stock company, trust, unincorporated organization, joint venture, Governmental Authority or other entity of whatever nature.

"Per Share Market Value" means on any particular date (a) the last trading price on any national securities exchange on which the Common Stock is listed, or, if there is no such price, the closing bid price for a share of Common Stock in the over-the-counter market, as reported by the OTC Bulletin Board or in the National Quotation Bureau Incorporated or similar organization or agency succeeding to its functions of reporting prices) at the close of business on such date, or (b) if the Common Stock is not then reported by the OTC Bulletin Board or the National Quotation Bureau Incorporated (or similar organization or agency succeeding to its functions of reporting prices), then the average of the "Pink Sheet" quotes for the Common Stock on such date, or (c) if the Common Stock is not then publicly traded the fair market value of a share of Common Stock on such date as determined by the Board in good faith; provided, however, that the Majority Holders, after receipt of the determination by the Board, shall have the right to select, jointly with the Issuer, an Independent Appraiser, in which case, the fair market value shall be the determination by such Independent Appraiser; and provided , further that all determinations of the Per Share Market Value shall be appropriately adjusted for any stock dividends, stock splits or other similar transactions during the period between the date as of which such market value was required to be determined and the date it is finally determined. The determination of fair market value shall be based upon the fair market value of the Issuer determined on a going concern basis as between a willing buyer and a willing seller and taking into account all relevant factors determinative of value, and shall be final and binding on all parties. In determining the fair market value of any shares of Common Stock, no consideration shall be given to any restrictions on transfer of the Common Stock imposed by agreement or by federal or state securities laws, or to the existence or absence of, or any limitations on, voting rights.

"Purchase Agreement" means the Securities Purchase Agreement dated as of December 26, 2007 among the Issuer and the investors a party thereto.

"Securities" means any debt or equity securities of the Issuer, whether now or hereafter authorized, any instrument convertible into or exchangeable for Securities or a Security, and any option, warrant or other right to purchase or acquire any Security. "Security" means one of the Securities.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute then in effect.

"Subsidiary" means any corporation at least 50% of whose outstanding Voting Stock, and a limited liability company at least 50% of whose membership interests, shall at the time be owned directly or indirectly by the Issuer or by one or more of its Subsidiaries.

"Term" has the meaning specified in Section 1 hereof.

"Trading Day" means (a) a day on which the Common Stock is traded on the OTC Bulletin Board, or (b) if the Common Stock is not traded on the OTC Bulletin Board, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding its functions of reporting prices); provided, however, that in the event that the Common Stock is not listed or quoted as set forth in (a) or (b) hereof, then Trading Day shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

"Voting Stock" means, as applied to the Capital Stock of any corporation, Capital Stock of any class or classes (however designated) having ordinary voting power for the election of a majority of the members of the Board of Directors (or other governing body) of such corporation, other than Capital Stock having such power only by reason of the happening of a contingency.

"Warrants" means the Series W Warrants issued and sold pursuant to the Purchase Agreement, including, without limitation, this Warrant, and any other warrants of like tenor issued in substitution or exchange for any thereof pursuant to the provisions hereof or of any of such other Warrants.

"Warrant Consideration" has the meaning specified in Section 4(i)(i) hereof.

"Warrant Price" initially means U.S. $0.32, as such price may be adjusted from time to time as shall result from the adjustments specified in this Warrant, including Section 4 hereto.

"Warrant Share Number" means at any time the aggregate number of shares of Warrant Stock which may at

such time be purchased upon exercise of this Warrant, after giving effect to all prior adjustments and increases to such number made or required to be made under the terms hereof.

"Warrant Stock" means Common Stock issuable upon exercise of any Warrant or Warrants or otherwise issuable pursuant to any Warrant or Warrants.

10. Other Notices. In case at any time:

(a) the Issuer shall make any distributions to the holders of Common Stock; or

(b) the Issuer shall authorize the granting to all holders of its Common Stock of rights to subscribe for or purchase any shares of Capital Stock of any class or of any Common Stock Equivalents or other rights; or

(c) there shall be any reclassification of the Capital Stock of the Issuer; or

(d) there shall be any capital reorganization by the Issuer; or

(e) there shall be any (i) consolidation or merger involving the Issuer or (ii) sale, transfer or other disposition of all or substantially all of the Issuer's property, assets or business (except a merger or other reorganization in which the Issuer shall be the surviving corporation and its shares of Capital Stock shall continue to be outstanding and unchanged and except a consolidation, merger, sale, transfer or other disposition involving a wholly-owned Subsidiary); or

(f) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Issuer or any partial liquidation of the Issuer or distribution to holders of Common Stock;

then, in each of such cases, the Issuer shall give written notice to the Holder of the date on which (i) the books of the Issuer shall close or a record shall be taken for such dividend, distribution or subscription rights or (ii) such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding-up, as the case may be, shall take place. Such notice also shall specify the date as of which the holders of Common Stock of record shall participate in such dividend, distribution or subscription rights, or shall be entitled to exchange their certificates for Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding-up, as the case may be. Such notice shall be given at least twenty (20) days prior to the action in question and not less than twenty (20) days prior to the record date or the date on which the Issuer's transfer books are closed in respect thereto. The Holder shall have the right to send two (2) representatives selected by it to each meeting, who shall be permitted to attend, but not vote at, such meeting and any adjournments thereof. This Warrant entitles the Holder to receive copies of all financial and other information distributed or required to be distributed to the holders of the Common Stock.

11. Amendment and Waiver. Any term, covenant, agreement or condition in this Warrant may be amended, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively), by a written instrument or written instruments executed by the Issuer and the Majority Holders; *provided, however,* that no such amendment or waiver shall reduce the Warrant Share Number, increase the Warrant Price, shorten the period during which this Warrant may be exercised or modify any provision of this Section 11 without the consent of the Holder of this Warrant.

12. Governing Law. **THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW, EXCEPT TO THE EXTENT THE GENERAL CORPORATION LAW OF DELAWARE SHALL APPLY.**

13. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earlier of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified for notice prior to 5:00 p.m., eastern time, on a Trading Day, (ii) the Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified for notice later than 5:00 p.m., eastern time, on any

date and earlier than 11:59 p.m., eastern time, on such date, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service or (iv) actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be with respect to the Holder of this Warrant or of Warrant Stock issued pursuant hereto, addressed to such Holder at its last known address or facsimile number appearing on the books of the Issuer maintained for such purposes, or with respect to the Issuer, addressed to:

Neoprobe Corporation
425 Metro Place North, Suite 300
Dublin, OH 43017
Tel. No.:
Fax No.:

with a copy to:

Porter, Wright, Morris & Arthur, LLP
41 South High Street
Columbus, OH 43215
Attn: William J. Kelly, Jr.
Fax: (614) 227-2100

Copies of notices to the Holder shall be sent to Burak Anderson & Melloni, PLC, 30 Main Street, Burlington, Vermont 05402, Attention: Shane W. McCormack, Tel No.: (802) 862-0500, Fax No.: (802) 862-8176. Any party hereto may from time to time change its address for notices by giving at least ten (10) days written notice of such changed address to the other party hereto.

14. Warrant Agent. The Issuer may, by written notice to each Holder of this Warrant, appoint an agent having an office in New York, New York for the purpose of issuing shares of Warrant Stock on the exercise of this Warrant pursuant to subsection (b) of Section 2 hereof, exchanging this Warrant pursuant to subsection (d) of Section 2 hereof or replacing this Warrant pursuant to subsection (d) of Section 3 hereof, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such agent.

15. Remedies. The Issuer stipulates that the remedies at law of the Holder of this Warrant in the event of any default or threatened default by the Issuer in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate and that, to the fullest extent permitted by law, such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

16. Successors and Assigns. This Warrant and the rights evidenced hereby shall inure to the benefit of and be binding upon the successors and assigns of the Issuer, the Holder hereof and (to the extent provided herein) the Holders of Warrant Stock issued pursuant hereto, and shall be enforceable by any such Holder or Holder of Warrant Stock.

17. Modification and Severability. If, in any action before any court or agency legally empowered to enforce any provision contained herein, any provision hereof is found to be unenforceable, then such provision shall be deemed modified to the extent necessary to make it enforceable by such court or agency. If any such provision is not enforceable as set forth in the preceding sentence, the unenforceability of such provision shall not affect the other provisions of this Warrant, but this Warrant shall be construed as if such unenforceable provision had never been contained herein.

18. Headings. The headings of the Sections of this Warrant are for convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

19. Voting. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2.

IN WITNESS WHEREOF, the Issuer has executed this Warrant as of the day and year first above written.

NEOPROBE CORPORATION

By: /s/ David C. Bupp
Name: David C. Bupp
Title: President & CEO

NEOPROBE CORPORATION

SERIES W WARRANT
EXERCISE FORM

The undersigned _____, pursuant to the provisions of the within Warrant, hereby elects to purchase _____ shares of Common Stock of Neoprobe Corporation covered by the within Warrant.

Dated: _____ Signature _____

Address _____

_____

Number of shares of Common Stock beneficially owned or deemed beneficially owned by the Holder on the date of Exercise:

_____

The undersigned is an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended.

The undersigned intends that payment of the Warrant Price shall be made as (check one):

Cash Exercise _____

Cashless Exercise _____

If the Holder has elected a Cash Exercise, the Holder shall pay the sum of $_____ by certified or official bank check (or via wire transfer) to the Issuer in accordance with the terms of the Warrant.

If the Holder has elected a Cashless Exercise, a certificate shall be issued to the Holder for the number of shares equal to the whole number portion of the product of the calculation set forth below, which is _____.

$$X = Y - \frac{(A)(Y)}{B}$$

Where:

The number of shares of Common Stock to be issued to the Holder _____("X").

The number of shares of Common Stock purchasable upon exercise of all of the Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being exercised _____ ("Y").

The Warrant Price _____ ("A").

The Per Share Market Value of one share of Common Stock _____ ("B").

ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ the within Warrant and all rights evidenced thereby and does irrevocably constitute and appoint _____, attorney, to transfer the said Warrant on the books of the within named corporation.

Dated: _____ Signature _____

Address _____

_____

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ the right to purchase _____ shares of Warrant Stock evidenced by the within Warrant together with all rights therein, and does irrevocably constitute and appoint _____, attorney, to transfer that part of the said Warrant on the books of the within named corporation.

Dated: _____ Signature _____

Address _____

_____

FOR USE BY THE ISSUER ONLY:

This Warrant No. W-___ canceled (or transferred or exchanged) this _____ day of _____, _____, shares of Common Stock issued therefor in the name of _____, Warrant No. W-_____ issued for _____ shares of Common Stock in the name of _____.

Exhibit 10.5

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR NEOPROBE CORPORATION SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

FORM OF SERIES X WARRANT TO PURCHASE

SHARES OF COMMON STOCK

OF

NEOPROBE CORPORATION

Expires [•], 2013

No.: X -___ Number of Shares: [•][1]
Date of Issuance: [•], 2008

FOR VALUE RECEIVED, subject to the provisions hereinafter set forth, the undersigned, Neoprobe Corporation, a Delaware corporation (together with its successors and assigns, the "Issuer"), hereby certifies that Platinum-Montaur Life Sciences, LLC or its registered assigns is entitled to subscribe for and purchase, during the period specified in this Warrant, up to [•] ([•]) shares (subject to adjustment as hereinafter provided) of the duly authorized, validly issued, fully paid and non-assessable Common Stock of the Issuer, at an exercise price per share equal to the Warrant Price then in effect, subject, however, to the provisions and upon the terms and conditions hereinafter set forth. Capitalized terms used in this Warrant and not otherwise defined herein shall have the respective meanings specified in Section 9 hereof.

1. Term. The right to subscribe for and purchase shares of Warrant Stock represented hereby shall commence on [•], 2008 and shall expire at 5:00 p.m., Eastern Time, on [date 5 years after the Original Issue Date] (such period being the "Term").

2. Method of Exercise Payment; Issuance of New Warrant; Transfer and Exchange.

(a) Time of Exercise. The purchase rights represented by this Warrant may be exercised in whole or in part at any time and from time to time during the Term commencing on [day after the Original Issue Date].

(b) Method of Exercise. The Holder hereof may exercise this Warrant, in whole or in part, by the surrender of this Warrant (with the exercise form attached hereto duly executed) at the principal office of the Issuer, and by the payment to the Issuer of an amount of consideration therefor equal to the Warrant Price in effect on the date of such exercise multiplied by the number of shares of Warrant Stock with respect to which this Warrant is then being exercised, payable at such Holder's election (i) by certified or official bank check or by wire transfer to an account designated by the Issuer, (ii) by "cashless exercise" in accordance with the provisions of subsection (c) of this Section 2, but only when a registration statement under the Securities Act providing for resale of all of the Warrant Stock is not then in effect, or (iii) by a combination of the foregoing methods of payment selected by the Holder of this Warrant.

(c) Cashless Exercise. Notwithstanding any provisions herein to the contrary and commencing 6 months following the Original Issue Date, if (i) the Per Share Market Value of one share of Common Stock is greater than the Warrant Price (at the date of calculation as set forth below) and (ii) a registration statement under the Securities Act providing for the resale of all of the Warrant Stock is not then in effect, in lieu of exercising this Warrant by payment of cash, the Holder may exercise this Warrant by a cashless exercise and shall receive the number of shares of Common

---

1 100% of the number of shares that would be issuable upon a full conversion of the Series B Note at the initial conversion price of the Series B Note (without giving effect to Section 3.4 thereof).

Stock equal to an amount (as determined below) by surrender of this Warrant at the principal office of the Issuer together with the properly endorsed Notice of Exercise in which event the Issuer shall issue to the Holder a number of shares of Common Stock computed using the following formula:

$$X = Y - \frac{(A)(Y)}{B}$$

Where X = the number of shares of Common Stock to be issued to the Holder.

Y = the number of shares of Common Stock purchasable upon exercise of all of the Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being exercised.

A = the Warrant Price.

B = the Per Share Market Value of one share of Common Stock.

(d) Issuance of Stock Certificates. In the event of any exercise of the rights represented by this Warrant in accordance with and subject to the terms and conditions hereof, (i) certificates for the shares of Warrant Stock so purchased shall be dated the date of such exercise and delivered to the Holder hereof within a reasonable time, not exceeding three (3) Trading Days after such exercise (the "Delivery Date") or, at the request of the Holder, issued and delivered to the Depository Trust Company ("DTC") account on the Holder's behalf via the Deposit Withdrawal Agent Commission System ("DWAC") within a reasonable time, not exceeding three (3) Trading Days after such exercise, and the Holder hereof shall be deemed for all purposes to be the Holder of the shares of Warrant Stock so purchased as of the date of such exercise, and (ii) unless this Warrant has expired, a new Warrant representing the number of shares of Warrant Stock, if any, with respect to which this Warrant shall not then have been exercised (less any amount thereof which shall have been canceled in payment or partial payment of the Warrant Price as hereinabove provided) shall also be issued to the Holder hereof at the Issuer's expense within such time.

(e) Transferability of Warrant. Subject to Section 2(g), this Warrant may be transferred by a Holder without the consent of the Issuer. If transferred pursuant to this paragraph, this Warrant may be transferred on the books of the Issuer by the Holder hereof in person or by the Holder's duly authorized attorney, upon surrender of this Warrant at the principal office of the Issuer, properly endorsed (by the Holder executing an assignment in the form attached hereto) and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer. This Warrant is exchangeable at the principal office of the Issuer for Warrants for the purchase of the same aggregate number of shares of Warrant Stock, each new Warrant to represent the right to purchase such number of shares of Warrant Stock as the Holder hereof shall designate at the time of such exchange. All Warrants issued on transfers or exchanges shall be dated the Original Issue Date and shall be identical with this Warrant except as to the number of shares of Warrant Stock issuable pursuant hereto.

(f) Continuing Rights of Holder. The Issuer will, at the time of or at any time after each exercise of this Warrant, upon the request of the Holder hereof, acknowledge in writing the extent, if any, of its continuing obligation to afford to such Holder all rights to which such Holder shall continue to be entitled after such exercise in accordance with the terms of this Warrant, provided, however, that if any such Holder shall fail to make any such request, the failure shall not affect the continuing obligation of the Issuer to afford such rights to such Holder.

(g) Compliance with Securities Laws.

(i) The Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the shares of Warrant Stock to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell or otherwise dispose of this Warrant or any shares of Warrant Stock to be issued upon exercise hereof except pursuant to an effective registration statement, or an exemption from registration, under the Securities Act and any applicable state securities laws.

(ii) Except as provided in paragraph (iii) below, this Warrant and all certificates representing shares of

Warrant Stock issued upon exercise hereof shall be stamped or imprinted with a legend in substantially the following form:

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR NEOPROBE CORPORATION SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

(iii) The restrictions imposed by this subsection (g) upon the transfer of this Warrant or the shares of Warrant Stock to be purchased upon exercise hereof shall terminate (A) when such securities shall have been resold pursuant to an effective registration statement under the Securities Act, (B) upon the Issuer's receipt of an opinion of counsel, in form and substance reasonably satisfactory to the Issuer, addressed to the Issuer to the effect that such restrictions are no longer required to ensure compliance with the Securities Act and state securities laws or (C) upon the Issuer's receipt of other evidence reasonably satisfactory to the Issuer that such registration and qualification under the Securities Act and state securities laws are not required. Whenever such restrictions shall cease and terminate as to any such securities, the Holder thereof shall be entitled to receive from the Issuer (or its transfer agent and registrar), without expense (other than applicable transfer taxes, if any), new Warrants (or, in the case of shares of Warrant Stock, new stock certificates) of like tenor not bearing the applicable legend required by paragraph (ii) above relating to the Securities Act and state securities laws.

(h) Buy In. In addition to any other rights available to the Holder, if the Issuer fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Stock pursuant to an exercise on or before the Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Stock which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Issuer shall (1) pay in cash to the Holder the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (A) the number of shares of Warrant Stock that the Issuer was required to deliver to the Holder in connection with the exercise at issue times, (B) the price at which the sell order giving rise to such purchase obligation was executed, and (2) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of shares of Warrant Stock for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Issuer timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (1) of the immediately preceding sentence the Issuer shall be required to pay the Holder $1,000. The Holder shall provide the Issuer written notice indicating the amounts payable to the Holder in respect of the Buy-In, together with applicable confirmations and other evidence reasonably requested by the Issuer. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Issuer's failure to timely deliver certificates representing shares of Common Stock upon exercise of this Warrant as required pursuant to the terms hereof.

3. Stock Fully Paid; Reservation and Listing of Shares; Covenants.

(a) Stock Fully Paid. The Issuer represents, warrants, covenants and agrees that all shares of Warrant Stock which may be issued upon the exercise of this Warrant or otherwise hereunder will, upon issuance, be duly authorized, validly issued, fully paid and non-assessable and free from all taxes, liens and charges created by or through Issuer. The Issuer further covenants and agrees that during the period within which this Warrant may be exercised, the Issuer will at all times have authorized and reserved for the purpose of the issue upon exercise of this Warrant a number of shares of Common Stock equal to the aggregate number of shares of Common Stock exercisable hereunder to provide for the exercise of this Warrant (without regard to limitations on exercisability set forth in Section 8).

(b) Reservation. If any shares of Common Stock required to be reserved for issuance upon exercise of this

Warrant or as otherwise provided hereunder require registration or qualification with any governmental authority under any federal or state law before such shares may be so issued, the Issuer will in good faith use its best efforts as expeditiously as possible at its expense to cause such shares to be duly registered or qualified. If the Issuer shall list any shares of Common Stock on any securities exchange or market it will, at its expense, list thereon, maintain and increase when necessary such listing, of, all shares of Warrant Stock from time to time issued upon exercise of this Warrant or as otherwise provided hereunder, and, to the extent permissible under the applicable securities exchange's rules, all unissued shares of Warrant Stock which are at any time issuable hereunder, so long as any shares of Common Stock shall be so listed. The Issuer will also so list on each securities exchange or market, and will maintain such listing of, any other securities which the Holder of this Warrant shall be entitled to receive upon the exercise of this Warrant if at the time any securities of the same class shall be listed on such securities exchange or market by the Issuer.

(c) Covenants. Until the sooner to occur of the full exercise of this Warrant or the end of the Term, except and to the extent as waived or consented to by the Holder, the Issuer shall not by any action, including, without limitation, amending its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment or dilution. Without limiting the generality of the foregoing, the Issuer will (a) not increase the par value of any Warrant Stock above the amount payable therefor upon such exercise immediately prior to such increase in par value, (b) take all such action as may be necessary or appropriate in order that the Issuer may validly and legally issue fully paid and nonassessable Warrant Stock upon the exercise of this Warrant, and (c) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Issuer to perform its obligations under this Warrant.

(d) Loss, Theft, Destruction of Warrants. Upon receipt of evidence satisfactory to the Issuer of the ownership of and the loss, theft, destruction or mutilation of any Warrant and, in the case of any such loss, theft or destruction, upon receipt of indemnity or security satisfactory to the Issuer or, in the case of any such mutilation, upon surrender and cancellation of such Warrant, the Issuer will make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same number of shares of Common Stock.

4. Adjustment of Warrant Price and Warrant Share Number. The number of shares of Common Stock for which this Warrant is exercisable, and the price at which such shares may be purchased upon exercise of this Warrant, shall be subject to adjustment from time to time as set forth in this Section 4. The Issuer shall give the Holder notice of any event described below which requires an adjustment pursuant to this Section 4 in accordance with Section 5. Notwithstanding any adjustment hereunder, at no time shall the Warrant Price be greater than [the initial Warrant Price] per share, except if it is adjusted pursuant to Section 4(b)(iii).

(a) Recapitalization, Reorganization, Reclassification, Consolidation, Merger or Sale.

(i) In case the Issuer after the Original Issue Date shall do any of the following (each, a " Triggering Event"): (a) consolidate with or merge into any other Person and the Issuer shall not be the continuing or surviving corporation of such consolidation or merger, or (b) permit any other Person to consolidate with or merge into the Issuer and the Issuer shall be the continuing or surviving Person but, in connection with such consolidation or merger, any Capital Stock of the Issuer shall be changed into or exchanged for Securities of any other Person or cash or any other property, or (c) transfer all or substantially all of its properties or assets to any other Person, or (d) effect a capital reorganization or reclassification of its Capital Stock, then, and in the case of each such Triggering Event, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the Holder of this Warrant shall be entitled upon the exercise hereof at any time after the consummation of such Triggering Event, to the extent this Warrant is not exercised prior to such Triggering Event, to receive at the Warrant Price in effect at the time immediately prior to the consummation of such Triggering Event in lieu of the Common Stock issuable upon such exercise of this Warrant prior to such Triggering Event, the Securities, cash and property to which such Holder would have been entitled upon the consummation of such Triggering Event if such Holder had exercised the rights represented by this Warrant (without giving effect to the limitations on exercise set forth in Section 8 hereof) immediately prior thereto (including the right to elect the type of consideration, if applicable), subject to adjustments (subsequent to such

corporate action) as nearly equivalent as possible to the adjustments provided for elsewhere in this Section 4. Unless the surviving entity in any such Triggering Event is subject to the reporting requirements under Sections 13 or 15(d) the Securities Exchange Act of 1934, the common equity securities of which are traded or quoted on a national securities exchange or the OTC Bulletin Board (a "Qualifying Entity"), the Holder, at its option, shall be permitted to require that the Company pay to the Holder an amount equal to the Black-Scholes value of this Warrant.

(ii) Notwithstanding anything contained in this Warrant to the contrary and so long as the surviving entity is a Qualifying Entity, the Issuer will not be deemed to have effected any Triggering Event if, prior to the consummation thereof, each Person (other than the Issuer) which may be required to deliver any Securities, cash or property upon the exercise of this Warrant as provided herein shall assume, by written instrument delivered to the Holder of this Warrant and reasonably satisfactory to the Holder, (A) the obligations of the Issuer under this Warrant (and if the Issuer shall survive the consummation of such Triggering Event, such assumption shall be in addition to, and shall not release the Issuer from, any continuing obligations of the Issuer under this Warrant) and (B) the obligation to deliver to such Holder such shares of Securities, cash or property as, in accordance with the foregoing provisions of this subsection (a), such Holder shall be entitled to receive, and such Person shall have similarly delivered to such Holder, an opinion of counsel for such Person, which shall be reasonably satisfactory to the Holder, stating that this Warrant shall thereafter continue in full force and effect and the terms hereof (including, without limitation, all of the provisions of this subsection (a)) shall be applicable to the Securities, cash or property which such Person may be required to deliver upon any exercise of this Warrant or the exercise of any rights pursuant hereto.

(b) Stock Dividends, Subdivisions and Combinations. If at any time the Issuer shall:

(i) set a record date or take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend payable in, or other distribution of, shares of Common Stock,

(ii) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, or

(iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock,

then (1) the number of shares of Common Stock for which this Warrant is exercisable immediately after the occurrence of any such event shall be adjusted to equal the number of shares of Common Stock which a record holder of the same number of shares of Common Stock for which this Warrant is exercisable immediately prior to the occurrence of such event (without giving effect to the limitations on exercise set forth in Section 8 hereof) would own or be entitled to receive after the happening of such event, and (2) the Warrant Price then in effect shall be adjusted to equal (A) the Warrant Price then in effect multiplied by the number of shares of Common Stock for which this Warrant is exercisable immediately prior to the adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof) divided by (B) the number of shares of Common Stock for which this Warrant is exercisable immediately after such adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof).

(c) Certain Other Distributions. If at any time the Issuer shall set a record date or take a record of the holders of its Common Stock for the purpose of entitling them to receive any dividend or other distribution of:

(i) cash (other than a cash dividend payable out of earnings or earned surplus legally available for the payment of dividends under the laws of the jurisdiction of incorporation of the Issuer),

(ii) any evidences of its indebtedness, any shares of stock of any class or any other securities or property of any nature whatsoever (other than cash, Common Stock Equivalents, Additional Shares of Common Stock or Permitted Issuances), or

(iii) any warrants or other rights to subscribe for or purchase any evidences of its indebtedness, any shares of stock of any class or any other securities or property of any nature whatsoever (other than cash, Common Stock Equivalents, Additional Shares of Common Stock or Permitted Issuances),

then (1) the number of shares of Common Stock for which this Warrant is exercisable shall be adjusted to equal the product of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof) multiplied by a fraction (A) the numerator of which shall be the Per Share Market Value of Common Stock at the date of taking such record and (B) the denominator of which shall be such Per Share Market Value minus the amount allocable to one share of Common Stock of any such cash so distributable and of the fair value (as determined in good faith by the Board of Directors of the Issuer and supported by an opinion from an investment banking firm reasonably acceptable to the Holder) of any and all such evidences of indebtedness, shares of stock, other securities or property or warrants or other subscription or purchase rights so distributable, and (2) the Warrant Price then in effect shall be adjusted to equal (A) the Warrant Price then in effect multiplied by the number of shares of Common Stock for which this Warrant is exercisable immediately prior to the adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof) divided by (B) the number of shares of Common Stock for which this Warrant is exercisable immediately after such adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof). A reclassification of the Common Stock (other than a change in par value, or from par value to no par value or from no par value to par value) into shares of Common Stock and shares of any other class of stock shall be deemed a distribution by the Issuer to the holders of its Common Stock of such shares of such other class of stock within the meaning of this Section 4(c) and, if the outstanding shares of Common Stock shall be changed into a larger or smaller number of shares of Common Stock as a part of such reclassification, such change shall be deemed a subdivision or combination, as the case may be, of the outstanding shares of Common Stock within the meaning of Section 4(b).

(d) Issuance of Additional Shares of Common Stock.

(i) In the event the Issuer shall at any time following the Original Issue Date issue any Additional Shares of Common Stock (otherwise than as provided in the foregoing subsections (a) through (c) of this Section 4), at a price per share less than the Warrant Price then in effect or without consideration, then the Warrant Price upon each such issuance shall be adjusted to the price equal to the price determined by multiplying the Warrant Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock then outstanding immediately prior to the time of such issuance (or deemed issuance) plus the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for the shares so issued (or deemed issued) would purchase at such Warrant Price, and (B) the denominator of which is the total number of shares of Common Stock then outstanding plus the number of shares of Common Stock so issued (or deemed issued). Notwithstanding the foregoing, there shall be no adjustment to the Warrant Price upon any issuance or deemed issuance of Common Stock if the holders of a majority of the outstanding Series A Preferred Stock waive in writing such adjustment.

(ii) No adjustment of the Warrant Price shall be made under paragraph (i) of Section 4(d) upon the issuance of any Additional Shares of Common Stock which are issued pursuant to the exercise or conversion of any Common Stock Equivalents if any such adjustment shall previously have been made upon the issuance of such Common Stock Equivalents, or upon the issuance of any warrant or other rights therefor pursuant to Sections 4(e) or 4(f), or in connection with any Permitted Issuances.

(e) [reserved]

(f) Issuance of Common Stock Equivalents. If at any time prior the Issuer shall take a record of the Holders of its Common Stock for the purpose of entitling them to receive a distribution of, or shall in any manner (whether directly or by assumption in a merger in which the Issuer is the surviving corporation) issue or sell, any Common Stock Equivalents, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the Common Stock Equivalent Consideration (hereafter defined) per share for which Common Stock is issuable upon such conversion or exchange shall be less than the Warrant Price in effect immediately prior to the time of such issue or sale, or if, after any such issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the applicable Warrant Price in effect at the time of such amendment or adjustment, then the Warrant Price then in effect immediately prior to the time of such issue or sale, shall upon each such issuance or sale be adjusted as provided Section 4(d)(i), with the maximum number of shares of Common Stock issuable upon conversion or exercise of such Common Stock Equivalents being deemed to have be issued or sold by the Company at the time of issuance or sale of such Common Stock Equivalents. For purposes of this Section 4(f), the "price per share for which Additional Shares of

Common Stock is issuable" shall be determined by dividing (X) the total amount received or receivable by the Company as consideration for the issue or sale of such Common Stock Equivalents, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exercise thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exercise of all such Common Stock Equivalents. No further adjustment of the Warrant Price then in effect shall be made under this Section 4(f) upon the issuance of any Common Stock Equivalents which are issued pursuant to the exercise of any warrants or other subscription or purchase rights therefor, if any such adjustment shall previously have been made upon the issuance of such warrants or other rights pursuant to Section 4(e). No further adjustments of the Warrant Price then in effect shall be made upon the actual issue of such Common Stock upon conversion or exchange of such Common Stock Equivalents if adjustment shall have previously been made pursuant to this section. No adjustments of the Warrant Price shall be made under this Section 4(f) in connection with any Permitted Issuances.

(g) Superseding Adjustment. If, at any time after any adjustment of the Warrant Price then in effect shall have been made pursuant to Section 4(e) or Section 4(f) as the result of any issuance of warrants, other rights or Common Stock Equivalents, and (i) such warrants or other rights, or the right of conversion or exchange in such other Common Stock Equivalents, shall expire, and all or a portion of such warrants or other rights, or the right of conversion or exchange with respect to all or a portion of such other Common Stock Equivalents, as the case may be shall not have been exercised, or (ii) the consideration per share for which shares of Common Stock are issuable pursuant to such Common Stock Equivalents, shall be increased solely by virtue of provisions therein contained for an automatic increase in such consideration per share upon the occurrence of a specified date or event, then for each outstanding Warrant such previous adjustment shall be rescinded and annulled. Upon the occurrence of an event set forth in this Section 4(g) above, there shall be a recomputation made of the effect of such Common Stock Equivalents on the basis of: (i) treating the number of Additional Shares of Common Stock or other property, if any, theretofore actually issued or issuable pursuant to the previous exercise of any such warrants or other rights or any such right of conversion or exchange, as having been issued on the date or dates of any such exercise and for the consideration actually received and receivable therefor, and (ii) treating any such Common Stock Equivalents which then remain outstanding as having been granted or issued immediately after the time of such increase of the consideration per share for which shares of Common Stock or other property are issuable under such Common Stock Equivalents; whereupon a new adjustment of the Warrant Price then in effect shall be made, which new adjustment shall supersede the previous adjustment so rescinded and annulled.

(h) Purchase of Common Stock by the Issuer. If the Issuer at any time while this Warrant is outstanding shall, directly or indirectly through a Subsidiary or otherwise, purchase, redeem or otherwise acquire any shares of Common Stock at a price per share greater than the Per Share Market Value, then the Warrant Price upon each such purchase, redemption or acquisition shall be adjusted to that price determined by multiplying such Warrant Price by a fraction (i) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such purchase, redemption or acquisition minus the number of shares of Common Stock which the aggregate consideration for the total number of such shares of Common Stock so purchased, redeemed or acquired would purchase at the Per Share Market Value; and (ii) the denominator of which shall be the number of shares of Common Stock outstanding immediately after such purchase, redemption or acquisition. For the purposes of this subsection (h), the date as of which the Per Share Market Price shall be computed shall be the earlier of (x) the date on which the Issuer shall enter into a firm contract for the purchase, redemption or acquisition of such Common Stock, or (y) the date of actual purchase, redemption or acquisition of such Common Stock. For the purposes of this subsection (h), a purchase, redemption or acquisition of a Common Stock Equivalent shall be deemed to be a purchase of the underlying Common Stock, and the computation herein required shall be made on the basis of the full exercise, conversion or exchange of such Common Stock Equivalent on the date as of which such computation is required hereby to be made, whether or not such Common Stock Equivalent is actually exercisable, convertible or exchangeable on such date.

(i) Other Provisions Applicable to Adjustments under this Section. The following provisions shall be applicable to the making of adjustments of the number of shares of Common Stock for which this Warrant is exercisable and the Warrant Price then in effect provided for in this Section 4:

(i) *Computation of Consideration.* To the extent that any Additional Shares of Common Stock or any Common Stock Equivalents (or any warrants or other rights therefor) shall be issued for cash consideration, the consideration received by the Issuer therefor shall be the amount of the cash received by the Issuer therefor, or, if such Additional Shares of Common Stock or Common Stock Equivalents are offered by the Issuer for subscription, the subscription price, or, if such Additional Shares of Common Stock or Common Stock

Equivalents are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price (in any such case subtracting any amounts paid or receivable for accrued interest or accrued dividends and without taking into account any compensation, discounts or expenses paid or incurred by the Issuer for and in the underwriting of, or otherwise in connection with, the issuance thereof). To the extent that such issuance shall be for a consideration other than cash, then, except as herein otherwise expressly provided, the amount of such consideration shall be deemed to be the fair value of such consideration at the time of such issuance as mutually determined in good faith by the Board of Directors of the Issuer and the Majority Holders. The consideration for any Additional Shares of Common Stock issuable pursuant to any warrants or other rights to subscribe for or purchase the same shall be the consideration received by the Issuer for issuing such warrants or other rights divided by the number of shares of Common Stock issuable upon the exercise of such warrant or right plus the additional consideration payable to the Issuer upon exercise of such warrant or other right for one share of Common Stock (together the "Warrant Consideration"). The consideration for any Additional Shares of Common Stock issuable pursuant to the terms of any Common Stock Equivalents shall be the consideration received by the Issuer for issuing such Common Stock Equivalent, divided by the number of shares of Common Stock issuable upon the conversion or other exercise of such Common Stock Equivalent, plus the additional consideration, if any, payable to the Issuer upon the exercise of the right of conversion or exchange in such Common Stock Equivalent for one share of Common Stock (together the "Common Stock Equivalent Consideration"). In case of the issuance at any time of any Additional Shares of Common Stock or Common Stock Equivalents in payment or satisfaction of any dividends upon any class of stock other than Common Stock, the Issuer shall be deemed to have received for such Additional Shares of Common Stock or Common Stock Equivalents a consideration equal to the amount of such dividend so paid or satisfied.

(ii) *Adjustments of Number of Shares*. In connection with an adjustment of the Warrant Price pursuant to Sections (d), (e), (f), (g) and (h) of this Section 4, the number of shares of Common Stock issuable hereunder shall be increased such that the aggregate Warrant Price payable hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the aggregate Warrant Price prior to such adjustment.

(iii) *Fractional Interests.* In computing adjustments under this Section 4, fractional interests in Common Stock shall be taken into account to the nearest one one-hundredth (1/100 th) of a share.

(iv) *When Adjustment Not Required.* If the Issuer shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights and shall, thereafter and before the distribution to stockholders thereof, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(j) Form of Warrant after Adjustments. The form of this Warrant need not be changed because of any adjustments in the Warrant Price or the number and kind of securities purchasable upon exercise of this Warrant.

(k) Escrow of Property. If after any property becomes distributable pursuant to this Section 4 by reason of the taking of any record of the holders of Common Stock, but prior to the occurrence of the event for which such record is taken, and the Holder exercises this Warrant, such property shall be held in escrow for the Holder by the Issuer to be distributed to the Holder upon and to the extent that the event actually takes place, upon payment of the then current Warrant Price. Notwithstanding any other provision to the contrary herein, if the event for which such record was taken fails to occur or is rescinded, then such escrowed property shall be returned to the Issuer.

5. Notice of Adjustments. Whenever the Warrant Price or Warrant Share Number shall be adjusted pursuant to Section 4 hereof (for purposes of this Section 5, each an "adjustment"), the Issuer shall cause its Chief Financial Officer to prepare and execute a certificate setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Board made any determination hereunder), and the Warrant Price and Warrant Share Number after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder of this Warrant promptly after each adjustment. Any dispute between the Issuer and the Holder of this Warrant with respect to the matters set forth in such certificate may at the option of the Holder of this Warrant be submitted to one of the national accounting firms currently

known as the "big four" selected by the Holder, *provided, however,* that the Issuer shall have ten (10) days after receipt of notice from such Holder of its selection of such firm to object thereto, in which case such Holder shall select another such firm and the Issuer shall have no such right of objection. The firm selected by the Holder of this Warrant as provided in the preceding sentence shall be instructed to deliver a written opinion as to such matters to the Issuer and such Holder within thirty (30) days after submission to it of such dispute. Such opinion shall be final and binding on the parties hereto.

6. Fractional Shares. No fractional shares of Warrant Stock will be issued in connection with any exercise hereof, but in lieu of such fractional shares, the Issuer shall at its option either (a) make a cash payment therefor equal in amount to the product of the applicable fraction multiplied by the Per Share Market Value then in effect or (b) issue one whole share in lieu of such fractional share.

7. [Reserved]

8. Certain Exercise Restrictions.

(a) Notwithstanding anything to the contrary set forth in this Warrant, at no time may a holder of this Warrant exercise this Warrant if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by such holder at such time, the number of shares of Common Stock which would result in such holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 4.99% of all of the Common Stock outstanding at such time; *provided, however*, that upon a holder of this Warrant providing the Issuer with sixty-one (61) days notice (pursuant to Section 13 hereof) (the "Waiver Notice") that such holder would like to waive this Section 7(a) with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 7(a) will be of no force or effect with regard to all or a portion of the Warrant referenced in the Waiver Notice; provided, further, that this Section 8(a) shall be of no further force or effect during the sixty-one (61) days immediately preceding the expiration of the term of this Warrant.

(b) Notwithstanding anything to the contrary set forth in this Warrant, at no time may a holder of this Warrant exercise this Warrant if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by such holder at such time, the number of shares of Common Stock which would result in such holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 9.99% of all of the Common Stock outstanding at such time; provided, however, that upon a holder of this Warrant providing the Issuer with sixty-one (61) days notice (pursuant to Section 13 hereof) (the "Waiver Notice") that such holder would like to waive this Section 8 with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 8 will be of no force or effect with regard to all or a portion of the Warrant referenced in the Waiver Notice; provided, further, that this Section 8(b) shall be of no further force or effect during the sixty-one (61) days immediately preceding the expiration of the term of this Warrant.

9. Definitions. For the purposes of this Warrant, the following terms have the following meanings:

"Additional Shares of Common Stock" means all shares of Common Stock issued by the Issuer after the Original Issue Date, and all shares of any other Capital Stock of the Issuer of any class which shall be authorized at any time after the date of this Warrant (other than Common Stock) and which shall have the right to participate in the distribution of earnings and assets of the Issuer without limitation as to amount, issued by the Issuer after the Original Issue Date, except for Permitted Issuances.

"Board" shall mean the Board of Directors of the Issuer.

"Capital Stock" means and includes (i) any and all shares, interests, participations or other equivalents of or interests in (however designated) corporate stock, including, without limitation, shares of preferred or preference stock, (ii) all partnership interests (whether general or limited) in any Person which is a partnership, (iii) all membership interests or limited liability company interests in any limited liability company, and (iv) all equity or ownership interests in any Person of any other type.

"Certificate of Incorporation" means the Certificate of Incorporation of the Issuer as in effect on the

Original Issue Date, and as hereafter from time to time amended, modified, supplemented or restated in accordance with the terms hereof and thereof and pursuant to applicable law.

"Closing Price" shall mean (i) the last trading price per share of the Common Stock on such date on the OTC Bulletin Board or a registered national stock exchange on which the Common Stock is then listed, or if there is no such price on such date, then the last trading price on such exchange or quotation system on the date nearest preceding such date, or (ii) if the price of the Common Stock is not then reported by the OTC Bulletin Board or a registered national securities exchange, then the average of the "Pink Sheet" quotes for the relevant date, as reported by the National Quotation Bureau, Inc., or (iii) if the Common Stock is not then publicly traded the fair market value of a share of Common Stock as mutually determined by the Company and the Majority Holders.

"Common Stock" means the Common Stock, par value $.001 per share, of the Issuer and any other Capital Stock into which such stock may hereafter be changed.

"Common Stock Equivalent" means any Convertible Security or warrant, option or other right to subscribe for or purchase any Additional Shares of Common Stock or any Convertible Security.

"Common Stock Equivalent Consideration" has the meaning specified in Section 4(i)(i) hereof.

"Convertible Securities" means evidences of Indebtedness, shares of Capital Stock or other Securities which are or may be at any time convertible into or exchangeable for Additional Shares of Common Stock. The term "Convertible Security" means one of the Convertible Securities.

"Governmental Authority" means any governmental, regulatory or self-regulatory entity, department, body, official, authority, commission, board, agency or instrumentality, whether federal, state or local, and whether domestic or foreign.

"Holders" mean the Persons who shall from time to time own any Warrant. The term "Holder" means one of the Holders.

"Independent Appraiser" means a nationally recognized or major regional investment banking firm or firm of independent certified public accountants of recognized standing (which may be the firm that regularly examines the financial statements of the Issuer) that is regularly engaged in the business of appraising the Capital Stock or assets of corporations or other entities as going concerns, and which is not affiliated with either the Issuer or the Holder of any Warrant.

"Issuer" means Neoprobe Corporation, a Delaware corporation, and its successors.

"Majority Holders" means at any time the Holders of Warrants, substantially in the form of this Warrant and issued pursuant to the Purchase Agreement, exercisable for a majority of the shares of Warrant Stock issuable under the Warrants at the time outstanding.

"Original Issue Date" means [•], 2008.

"OTC Bulletin Board" means the over-the-counter electronic bulletin board.

"Permitted Issuances" means (1) issuances, pursuant to option plans existing on December 26, 2007, of options to employees, officers or directors of the Company , approved by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established for such purpose to the extent such issuances (i) are at an exercise price of not less than the Closing Price on the date of grant and (ii) are at an exercise price greater than $0.26 per share; (2) issuances of securities upon the exercise or exchange of or conversion of any securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the Original Issue Date (including this Warrant and the other securities issued pursuant to the Purchase Agreement), provided that such securities have not been amended since the Original Issue Date to increase the number of such securities or to decrease the exercise, exchange or conversion price of any such securities; and (3) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors, but not including a transaction with an entity whose primary business is investing in securities or a transaction, the

primary purpose of which is to raise capital.

"Person" means an individual, corporation, limited liability company, partnership, joint stock company, trust, unincorporated organization, joint venture, Governmental Authority or other entity of whatever nature.

"Per Share Market Value" means on any particular date (a) the last trading price on any national securities exchange on which the Common Stock is listed, or, if there is no such price, the closing bid price for a share of Common Stock in the over-the-counter market, as reported by the OTC Bulletin Board or in the National Quotation Bureau Incorporated or similar organization or agency succeeding to its functions of reporting prices) at the close of business on such date, or (b) if the Common Stock is not then reported by the OTC Bulletin Board or the National Quotation Bureau Incorporated (or similar organization or agency succeeding to its functions of reporting prices), then the average of the "Pink Sheet" quotes for the Common Stock on such date, or (c) if the Common Stock is not then publicly traded the fair market value of a share of Common Stock on such date as determined by the Board in good faith; provided, however, that the Majority Holders, after receipt of the determination by the Board, shall have the right to select, jointly with the Issuer, an Independent Appraiser, in which case, the fair market value shall be the determination by such Independent Appraiser; and provided , further that all determinations of the Per Share Market Value shall be appropriately adjusted for any stock dividends, stock splits or other similar transactions during the period between the date as of which such market value was required to be determined and the date it is finally determined. The determination of fair market value shall be based upon the fair market value of the Issuer determined on a going concern basis as between a willing buyer and a willing seller and taking into account all relevant factors determinative of value, and shall be final and binding on all parties. In determining the fair market value of any shares of Common Stock, no consideration shall be given to any restrictions on transfer of the Common Stock imposed by agreement or by federal or state securities laws, or to the existence or absence of, or any limitations on, voting rights.

"Purchase Agreement" means the Securities Purchase Agreement dated as of December 26, 2007 among the Issuer and the investors a party thereto.

"Securities" means any debt or equity securities of the Issuer, whether now or hereafter authorized, any instrument convertible into or exchangeable for Securities or a Security, and any option, warrant or other right to purchase or acquire any Security. "Security" means one of the Securities.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute then in effect.

"Subsidiary" means any corporation at least 50% of whose outstanding Voting Stock, and a limited liability company at least 50% of whose membership interests, shall at the time be owned directly or indirectly by the Issuer or by one or more of its Subsidiaries.

"Term" has the meaning specified in Section 1 hereof.

"Trading Day" means (a) a day on which the Common Stock is traded on the OTC Bulletin Board, or (b) if the Common Stock is not traded on the OTC Bulletin Board, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding its functions of reporting prices); provided, however, that in the event that the Common Stock is not listed or quoted as set forth in (a) or (b) hereof, then Trading Day shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

"Voting Stock" means, as applied to the Capital Stock of any corporation, Capital Stock of any class or classes (however designated) having ordinary voting power for the election of a majority of the members of the Board of Directors (or other governing body) of such corporation, other than Capital Stock having such power only by reason of the happening of a contingency.

"Warrants" means the Series W Warrants issued and sold pursuant to the Purchase Agreement, including, without limitation, this Warrant, and any other warrants of like tenor issued in substitution or exchange for any thereof pursuant to the provisions hereof or of any of such other Warrants.

"Warrant Consideration" has the meaning specified in Section 4(i)(i) hereof.

"Warrant Price" initially means U.S. $[•],[2] as such price may be adjusted from time to time as shall result from the adjustments specified in this Warrant, including Section 4 hereto.

"Warrant Share Number" means at any time the aggregate number of shares of Warrant Stock which may at such time be purchased upon exercise of this Warrant, after giving effect to all prior adjustments and increases to such number made or required to be made under the terms hereof.

"Warrant Stock" means Common Stock issuable upon exercise of any Warrant or Warrants or otherwise issuable pursuant to any Warrant or Warrants.

10. Other Notices. In case at any time:

(a) the Issuer shall make any distributions to the holders of Common Stock; or

(b) the Issuer shall authorize the granting to all holders of its Common Stock of rights to subscribe for or purchase any shares of Capital Stock of any class or of any Common Stock Equivalents or other rights; or

(c) there shall be any reclassification of the Capital Stock of the Issuer; or

(d) there shall be any capital reorganization by the Issuer; or

(e) there shall be any (i) consolidation or merger involving the Issuer or (ii) sale, transfer or other disposition of all or substantially all of the Issuer's property, assets or business (except a merger or other reorganization in which the Issuer shall be the surviving corporation and its shares of Capital Stock shall continue to be outstanding and unchanged and except a consolidation, merger, sale, transfer or other disposition involving a wholly-owned Subsidiary); or

(f) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Issuer or any partial liquidation of the Issuer or distribution to holders of Common Stock;

then, in each of such cases, the Issuer shall give written notice to the Holder of the date on which (i) the books of the Issuer shall close or a record shall be taken for such dividend, distribution or subscription rights or (ii) such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding-up, as the case may be, shall take place. Such notice also shall specify the date as of which the holders of Common Stock of record shall participate in such dividend, distribution or subscription rights, or shall be entitled to exchange their certificates for Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding-up, as the case may be. Such notice shall be given at least twenty (20) days prior to the action in question and not less than twenty (20) days prior to the record date or the date on which the Issuer's transfer books are closed in respect thereto. The Holder shall have the right to send two (2) representatives selected by it to each meeting, who shall be permitted to attend, but not vote at, such meeting and any adjournments thereof. This Warrant entitles the Holder to receive copies of all financial and other information distributed or required to be distributed to the holders of the Common Stock.

11. Amendment and Waiver. Any term, covenant, agreement or condition in this Warrant may be amended, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively), by a written instrument or written instruments executed by the Issuer and the Majority Holders; *provided, however,* that no such amendment or waiver shall reduce the Warrant Share Number, increase the Warrant Price, shorten the period during which this Warrant may be exercised or modify any provision of this Section 11 without the consent of the Holder of this Warrant.

12. Governing Law. **THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW, EXCEPT TO THE EXTENT THE GENERAL CORPORATION**

---

2 115% of the initial conversion price of the Series B Note.

LAW OF DELAWARE SHALL APPLY.

13. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earlier of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified for notice prior to 5:00 p.m., eastern time, on a Trading Day, (ii) the Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified for notice later than 5:00 p.m., eastern time, on any date and earlier than 11:59 p.m., eastern time, on such date, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service or (iv) actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be with respect to the Holder of this Warrant or of Warrant Stock issued pursuant hereto, addressed to such Holder at its last known address or facsimile number appearing on the books of the Issuer maintained for such purposes, or with respect to the Issuer, addressed to:

Neoprobe Corporation
425 Metro Place North, Suite 300
Dublin, OH 43017
Attn: David C. Bupp, President
Tel. No.: (614) 793-7500
Fax No.: (614) 793-7520

with a copy to:

Porter, Wright, Morris & Arthur, LLP
41 South High Street
Columbus, OH 43215
Attn: William J. Kelly, Jr.
Fax: (614) 227-2100

Copies of notices to the Holder shall be sent to Burak Anderson & Melloni, PLC, 30 Main Street, Burlington, Vermont 05402, Attention: Shane W. McCormack, Tel No.: (802) 862-0500, Fax No.: (802) 862-8176. Any party hereto may from time to time change its address for notices by giving at least ten (10) days written notice of such changed address to the other party hereto.

14. Warrant Agent. The Issuer may, by written notice to each Holder of this Warrant, appoint an agent having an office in New York, New York for the purpose of issuing shares of Warrant Stock on the exercise of this Warrant pursuant to subsection (b) of Section 2 hereof, exchanging this Warrant pursuant to subsection (d) of Section 2 hereof or replacing this Warrant pursuant to subsection (d) of Section 3 hereof, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such agent.

15. Remedies. The Issuer stipulates that the remedies at law of the Holder of this Warrant in the event of any default or threatened default by the Issuer in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate and that, to the fullest extent permitted by law, such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

16. Successors and Assigns. This Warrant and the rights evidenced hereby shall inure to the benefit of and be binding upon the successors and assigns of the Issuer, the Holder hereof and (to the extent provided herein) the Holders of Warrant Stock issued pursuant hereto, and shall be enforceable by any such Holder or Holder of Warrant Stock.

17. Modification and Severability. If, in any action before any court or agency legally empowered to enforce any provision contained herein, any provision hereof is found to be unenforceable, then such provision shall be deemed modified to the extent necessary to make it enforceable by such court or agency. If any such provision is not enforceable as set forth in the preceding sentence, the unenforceability of such provision shall not affect the other provisions of this Warrant, but this Warrant shall be construed as if such unenforceable provision had never been contained herein.

18. Headings. The headings of the Sections of this Warrant are for convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

19. Voting. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2.

IN WITNESS WHEREOF, the Issuer has executed this Warrant as of the day and year first above written.

NEOPROBE CORPORATION

By:

Name:

Title:

NEOPROBE CORPORATION

SERIES X WARRANT
EXERCISE FORM

The undersigned _____, pursuant to the provisions of the within Warrant, hereby elects to purchase ___ shares of Common Stock of Neoprobe Corporation covered by the within Warrant.

Dated: _____ Signature _____

Address _____

_____

Number of shares of Common Stock beneficially owned or deemed beneficially owned by the Holder on the date of Exercise:_____

The undersigned is an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended.

The undersigned intends that payment of the Warrant Price shall be made as (check one):

Cash Exercise_____

Cashless Exercise_____

If the Holder has elected a Cash Exercise, the Holder shall pay the sum of $_____ by certified or official bank check (or via wire transfer) to the Issuer in accordance with the terms of the Warrant.

If the Holder has elected a Cashless Exercise, a certificate shall be issued to the Holder for the number of shares equal to the whole number portion of the product of the calculation set forth below, which is_____.

$$X = Y - \frac{(A)(Y)}{B}$$

Where:

The number of shares of Common Stock to be issued to the Holder_____ ("X").

The number of shares of Common Stock purchasable upon exercise of all of the Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being exercised _____("Y").

The Warrant Price_____("A").

The Per Share Market Value of one share of Common Stock_____("B").

ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ the within Warrant and all rights evidenced thereby and does irrevocably constitute and appoint _____, attorney, to transfer the said Warrant on the books of the within named corporation.

Dated: _____ Signature _____

Address _____

_____

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ the right to purchase _____ shares of Warrant Stock evidenced by the within Warrant together with all rights therein, and does irrevocably constitute and appoint_____, attorney, to transfer that part of the said Warrant on the books of the within named corporation.

Dated: _____ Signature _____

Address _____

_____

FOR USE BY THE ISSUER ONLY:

This Warrant No. W-_____ canceled (or transferred or exchanged) this _____ day of _____, _____, shares of Common Stock issued therefor in the name of_____, Warrant No. X-_____ issued for _____ shares of Common Stock in the name of_____.

Exhibit 10.6

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR NEOPROBE CORPORATION SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

FORM OF SERIES Y WARRANT TO PURCHASE

SHARES OF COMMON STOCK

OF

NEOPROBE CORPORATION

Expires [•], 2013

No.: Y -_____ Number of Shares: [•][1]

Date of Issuance: [•], 2008

FOR VALUE RECEIVED, subject to the provisions hereinafter set forth, the undersigned, Neoprobe Corporation, a Delaware corporation (together with its successors and assigns, the "Issuer"), hereby certifies that Platinum-Montaur Life Sciences, LLC or its registered assigns is entitled to subscribe for and purchase, during the period specified in this Warrant, up to [•] ([•]) shares (subject to adjustment as hereinafter provided) of the duly authorized, validly issued, fully paid and non-assessable Common Stock of the Issuer, at an exercise price per share equal to the Warrant Price then in effect, subject, however, to the provisions and upon the terms and conditions hereinafter set forth. Capitalized terms used in this Warrant and not otherwise defined herein shall have the respective meanings specified in Section 9 hereof.

1. Term. The right to subscribe for and purchase shares of Warrant Stock represented hereby shall commence on [•], 2008 and shall expire at 5:00 p.m., Eastern Time, on [date 5 years after the Original Issue Date] (such period being the "Term").

2. Method of Exercise Payment; Issuance of New Warrant; Transfer and Exchange.

(a) Time of Exercise. The purchase rights represented by this Warrant may be exercised in whole or in part at any time and from time to time during the Term commencing on [day after the Original Issue Date].

(b) Method of Exercise. The Holder hereof may exercise this Warrant, in whole or in part, by the surrender of this Warrant (with the exercise form attached hereto duly executed) at the principal office of the Issuer, and by the payment to the Issuer of an amount of consideration therefor equal to the Warrant Price in effect on the date of such exercise multiplied by the number of shares of Warrant Stock with respect to which this Warrant is then being exercised, payable at such Holder's election (i) by certified or official bank check or by wire transfer to an account designated by the Issuer, (ii) by "cashless exercise" in accordance with the provisions of subsection (c) of this Section 2, but only when a registration statement under the Securities Act providing for resale of all of the Warrant Stock is not then in effect, or (iii) by a combination of the foregoing methods of payment selected by the Holder of this Warrant.

(c) Cashless Exercise. Notwithstanding any provisions herein to the contrary and commencing 6 months following the Original Issue Date, if (i) the Per Share Market Value of one share of Common Stock is greater than the Warrant Price (at the date of calculation as set forth below) and (ii) a registration statement under the Securities Act providing for the resale of all of the Warrant Stock is not then in effect, in lieu of exercising this Warrant by payment of cash, the Holder may exercise this Warrant by a cashless exercise and shall receive the number of shares of Common

---

1 100% of the number of shares that would be issuable upon a full conversion of the Preferred Stock at the initial conversion price of the Preferred Stock (without giving effect to Section 7 of the Certificate of Designations).

Stock equal to an amount (as determined below) by surrender of this Warrant at the principal office of the Issuer together with the properly endorsed Notice of Exercise in which event the Issuer shall issue to the Holder a number of shares of Common Stock computed using the following formula:

$$X = Y - \frac{(A)(Y)}{B}$$

Where X = the number of shares of Common Stock to be issued to the Holder.

Y = the number of shares of Common Stock purchasable upon exercise of all of the Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being exercised.

A = the Warrant Price.

B = the Per Share Market Value of one share of Common Stock.

(d) Issuance of Stock Certificates. In the event of any exercise of the rights represented by this Warrant in accordance with and subject to the terms and conditions hereof, (i) certificates for the shares of Warrant Stock so purchased shall be dated the date of such exercise and delivered to the Holder hereof within a reasonable time, not exceeding three (3) Trading Days after such exercise (the "Delivery Date") or, at the request of the Holder, issued and delivered to the Depository Trust Company ("DTC") account on the Holder's behalf via the Deposit Withdrawal Agent Commission System ("DWAC") within a reasonable time, not exceeding three (3) Trading Days after such exercise, and the Holder hereof shall be deemed for all purposes to be the Holder of the shares of Warrant Stock so purchased as of the date of such exercise, and (ii) unless this Warrant has expired, a new Warrant representing the number of shares of Warrant Stock, if any, with respect to which this Warrant shall not then have been exercised (less any amount thereof which shall have been canceled in payment or partial payment of the Warrant Price as hereinabove provided) shall also be issued to the Holder hereof at the Issuer's expense within such time.

(e) Transferability of Warrant. Subject to Section 2(g), this Warrant may be transferred by a Holder without the consent of the Issuer. If transferred pursuant to this paragraph, this Warrant may be transferred on the books of the Issuer by the Holder hereof in person or by the Holder's duly authorized attorney, upon surrender of this Warrant at the principal office of the Issuer, properly endorsed (by the Holder executing an assignment in the form attached hereto) and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer. This Warrant is exchangeable at the principal office of the Issuer for Warrants for the purchase of the same aggregate number of shares of Warrant Stock, each new Warrant to represent the right to purchase such number of shares of Warrant Stock as the Holder hereof shall designate at the time of such exchange. All Warrants issued on transfers or exchanges shall be dated the Original Issue Date and shall be identical with this Warrant except as to the number of shares of Warrant Stock issuable pursuant hereto.

(f) Continuing Rights of Holder. The Issuer will, at the time of or at any time after each exercise of this Warrant, upon the request of the Holder hereof, acknowledge in writing the extent, if any, of its continuing obligation to afford to such Holder all rights to which such Holder shall continue to be entitled after such exercise in accordance with the terms of this Warrant, provided, however, that if any such Holder shall fail to make any such request, the failure shall not affect the continuing obligation of the Issuer to afford such rights to such Holder.

(g) Compliance with Securities Laws.

(i) The Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the shares of Warrant Stock to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell or otherwise dispose of this Warrant or any shares of Warrant Stock to be issued upon exercise hereof except pursuant to an effective registration statement, or an exemption from registration, under the Securities Act and any applicable state securities laws.

(ii) Except as provided in paragraph (iii) below, this Warrant and all certificates representing shares of

Warrant Stock issued upon exercise hereof shall be stamped or imprinted with a legend in substantially the following form:

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR NEOPROBE CORPORATION SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

(iii) The restrictions imposed by this subsection (g) upon the transfer of this Warrant or the shares of Warrant Stock to be purchased upon exercise hereof shall terminate (A) when such securities shall have been resold pursuant to an effective registration statement under the Securities Act, (B) upon the Issuer's receipt of an opinion of counsel, in form and substance reasonably satisfactory to the Issuer, addressed to the Issuer to the effect that such restrictions are no longer required to ensure compliance with the Securities Act and state securities laws or (C) upon the Issuer's receipt of other evidence reasonably satisfactory to the Issuer that such registration and qualification under the Securities Act and state securities laws are not required. Whenever such restrictions shall cease and terminate as to any such securities, the Holder thereof shall be entitled to receive from the Issuer (or its transfer agent and registrar), without expense (other than applicable transfer taxes, if any), new Warrants (or, in the case of shares of Warrant Stock, new stock certificates) of like tenor not bearing the applicable legend required by paragraph (ii) above relating to the Securities Act and state securities laws.

(h) Buy In. In addition to any other rights available to the Holder, if the Issuer fails to cause its transfer agent to transmit to the Holder a certificate or certificates representing the Warrant Stock pursuant to an exercise on or before the Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Stock which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Issuer shall (1) pay in cash to the Holder the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (A) the number of shares of Warrant Stock that the Issuer was required to deliver to the Holder in connection with the exercise at issue times, (B) the price at which the sell order giving rise to such purchase obligation was executed, and (2) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of shares of Warrant Stock for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Issuer timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (1) of the immediately preceding sentence the Issuer shall be required to pay the Holder $1,000. The Holder shall provide the Issuer written notice indicating the amounts payable to the Holder in respect of the Buy-In, together with applicable confirmations and other evidence reasonably requested by the Issuer. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Issuer's failure to timely deliver certificates representing shares of Common Stock upon exercise of this Warrant as required pursuant to the terms hereof.

3. Stock Fully Paid; Reservation and Listing of Shares; Covenants.

(a) Stock Fully Paid. The Issuer represents, warrants, covenants and agrees that all shares of Warrant Stock which may be issued upon the exercise of this Warrant or otherwise hereunder will, upon issuance, be duly authorized, validly issued, fully paid and non-assessable and free from all taxes, liens and charges created by or through Issuer. The Issuer further covenants and agrees that during the period within which this Warrant may be exercised, the Issuer will at all times have authorized and reserved for the purpose of the issue upon exercise of this Warrant a number of shares of Common Stock equal to the aggregate number of shares of Common Stock exercisable hereunder to provide for the exercise of this Warrant (without regard to limitations on exercisability set forth in Section 8).

(b) Reservation. If any shares of Common Stock required to be reserved for issuance upon exercise of this

Warrant or as otherwise provided hereunder require registration or qualification with any governmental authority under any federal or state law before such shares may be so issued, the Issuer will in good faith use its best efforts as expeditiously as possible at its expense to cause such shares to be duly registered or qualified. If the Issuer shall list any shares of Common Stock on any securities exchange or market it will, at its expense, list thereon, maintain and increase when necessary such listing, of, all shares of Warrant Stock from time to time issued upon exercise of this Warrant or as otherwise provided hereunder, and, to the extent permissible under the applicable securities exchange's rules, all unissued shares of Warrant Stock which are at any time issuable hereunder, so long as any shares of Common Stock shall be so listed. The Issuer will also so list on each securities exchange or market, and will maintain such listing of, any other securities which the Holder of this Warrant shall be entitled to receive upon the exercise of this Warrant if at the time any securities of the same class shall be listed on such securities exchange or market by the Issuer.

(c) Covenants. Until the sooner to occur of the full exercise of this Warrant or the end of the Term, except and to the extent as waived or consented to by the Holder, the Issuer shall not by any action, including, without limitation, amending its Certificate of Incorporation or By-Laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment or dilution. Without limiting the generality of the foregoing, the Issuer will (a) not increase the par value of any Warrant Stock above the amount payable therefor upon such exercise immediately prior to such increase in par value, (b) take all such action as may be necessary or appropriate in order that the Issuer may validly and legally issue fully paid and nonassessable Warrant Stock upon the exercise of this Warrant, and (c) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Issuer to perform its obligations under this Warrant.

(d) Loss, Theft, Destruction of Warrants. Upon receipt of evidence satisfactory to the Issuer of the ownership of and the loss, theft, destruction or mutilation of any Warrant and, in the case of any such loss, theft or destruction, upon receipt of indemnity or security satisfactory to the Issuer or, in the case of any such mutilation, upon surrender and cancellation of such Warrant, the Issuer will make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same number of shares of Common Stock.

4. Adjustment of Warrant Price and Warrant Share Number. The number of shares of Common Stock for which this Warrant is exercisable, and the price at which such shares may be purchased upon exercise of this Warrant, shall be subject to adjustment from time to time as set forth in this Section 4. The Issuer shall give the Holder notice of any event described below which requires an adjustment pursuant to this Section 4 in accordance with Section 5. Notwithstanding any adjustment hereunder, at no time shall the Warrant Price be greater than [the initial Warrant Price] per share, except if it is adjusted pursuant to Section 4(b)(iii).

(a) Recapitalization, Reorganization, Reclassification, Consolidation, Merger or Sale.

(i) In case the Issuer after the Original Issue Date shall do any of the following (each, a " Triggering Event"): (a) consolidate with or merge into any other Person and the Issuer shall not be the continuing or surviving corporation of such consolidation or merger, or (b) permit any other Person to consolidate with or merge into the Issuer and the Issuer shall be the continuing or surviving Person but, in connection with such consolidation or merger, any Capital Stock of the Issuer shall be changed into or exchanged for Securities of any other Person or cash or any other property, or (c) transfer all or substantially all of its properties or assets to any other Person, or (d) effect a capital reorganization or reclassification of its Capital Stock, then, and in the case of each such Triggering Event, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the Holder of this Warrant shall be entitled upon the exercise hereof at any time after the consummation of such Triggering Event, to the extent this Warrant is not exercised prior to such Triggering Event, to receive at the Warrant Price in effect at the time immediately prior to the consummation of such Triggering Event in lieu of the Common Stock issuable upon such exercise of this Warrant prior to such Triggering Event, the Securities, cash and property to which such Holder would have been entitled upon the consummation of such Triggering Event if such Holder had exercised the rights represented by this Warrant (without giving effect to the limitations on exercise set forth in Section 8 hereof) immediately prior thereto (including the right to elect the type of consideration, if applicable), subject to adjustments (subsequent to such

corporate action) as nearly equivalent as possible to the adjustments provided for elsewhere in this Section 4. Unless the surviving entity in any such Triggering Event is subject to the reporting requirements under Sections 13 or 15(d) the Securities Exchange Act of 1934, the common equity securities of which are traded or quoted on a national securities exchange or the OTC Bulletin Board (a "Qualifying Entity"), the Holder, at its option, shall be permitted to require that the Company pay to the Holder an amount equal to the Black-Scholes value of this Warrant.

(ii) Notwithstanding anything contained in this Warrant to the contrary and so long as the surviving entity is a Qualifying Entity, the Issuer will not be deemed to have effected any Triggering Event if, prior to the consummation thereof, each Person (other than the Issuer) which may be required to deliver any Securities, cash or property upon the exercise of this Warrant as provided herein shall assume, by written instrument delivered to the Holder of this Warrant and reasonably satisfactory to the Holder, (A) the obligations of the Issuer under this Warrant (and if the Issuer shall survive the consummation of such Triggering Event, such assumption shall be in addition to, and shall not release the Issuer from, any continuing obligations of the Issuer under this Warrant) and (B) the obligation to deliver to such Holder such shares of Securities, cash or property as, in accordance with the foregoing provisions of this subsection (a), such Holder shall be entitled to receive, and such Person shall have similarly delivered to such Holder, an opinion of counsel for such Person, which shall be reasonably satisfactory to the Holder, stating that this Warrant shall thereafter continue in full force and effect and the terms hereof (including, without limitation, all of the provisions of this subsection (a)) shall be applicable to the Securities, cash or property which such Person may be required to deliver upon any exercise of this Warrant or the exercise of any rights pursuant hereto.

(b) Stock Dividends, Subdivisions and Combinations. If at any time the Issuer shall:

(i) set a record date or take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend payable in, or other distribution of, shares of Common Stock,

(ii) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, or

(iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock,

then (1) the number of shares of Common Stock for which this Warrant is exercisable immediately after the occurrence of any such event shall be adjusted to equal the number of shares of Common Stock which a record holder of the same number of shares of Common Stock for which this Warrant is exercisable immediately prior to the occurrence of such event (without giving effect to the limitations on exercise set forth in Section 8 hereof) would own or be entitled to receive after the happening of such event, and (2) the Warrant Price then in effect shall be adjusted to equal (A) the Warrant Price then in effect multiplied by the number of shares of Common Stock for which this Warrant is exercisable immediately prior to the adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof) divided by (B) the number of shares of Common Stock for which this Warrant is exercisable immediately after such adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof).

(c) Certain Other Distributions. If at any time the Issuer shall set a record date or take a record of the holders of its Common Stock for the purpose of entitling them to receive any dividend or other distribution of:

(i) cash (other than a cash dividend payable out of earnings or earned surplus legally available for the payment of dividends under the laws of the jurisdiction of incorporation of the Issuer),

(ii) any evidences of its indebtedness, any shares of stock of any class or any other securities or property of any nature whatsoever (other than cash, Common Stock Equivalents, Additional Shares of Common Stock or Permitted Issuances), or

(iii) any warrants or other rights to subscribe for or purchase any evidences of its indebtedness, any shares of stock of any class or any other securities or property of any nature whatsoever (other than cash, Common Stock Equivalents, Additional Shares of Common Stock or Permitted Issuances),

then (1) the number of shares of Common Stock for which this Warrant is exercisable shall be adjusted to equal the product of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof) multiplied by a fraction (A) the numerator of which shall be the Per Share Market Value of Common Stock at the date of taking such record and (B) the denominator of which shall be such Per Share Market Value minus the amount allocable to one share of Common Stock of any such cash so distributable and of the fair value (as determined in good faith by the Board of Directors of the Issuer and supported by an opinion from an investment banking firm reasonably acceptable to the Holder) of any and all such evidences of indebtedness, shares of stock, other securities or property or warrants or other subscription or purchase rights so distributable, and (2) the Warrant Price then in effect shall be adjusted to equal (A) the Warrant Price then in effect multiplied by the number of shares of Common Stock for which this Warrant is exercisable immediately prior to the adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof) divided by (B) the number of shares of Common Stock for which this Warrant is exercisable immediately after such adjustment (without giving effect to the limitations on exercise set forth in Section 8 hereof). A reclassification of the Common Stock (other than a change in par value, or from par value to no par value or from no par value to par value) into shares of Common Stock and shares of any other class of stock shall be deemed a distribution by the Issuer to the holders of its Common Stock of such shares of such other class of stock within the meaning of this Section 4(c) and, if the outstanding shares of Common Stock shall be changed into a larger or smaller number of shares of Common Stock as a part of such reclassification, such change shall be deemed a subdivision or combination, as the case may be, of the outstanding shares of Common Stock within the meaning of Section 4(b).

(d) Issuance of Additional Shares of Common Stock.

(i) In the event the Issuer shall at any time following the Original Issue Date issue any Additional Shares of Common Stock (otherwise than as provided in the foregoing subsections (a) through (c) of this Section 4), at a price per share less than the Warrant Price then in effect or without consideration, then the Warrant Price upon each such issuance shall be adjusted to the price equal to the price determined by multiplying the Warrant Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock then outstanding immediately prior to the time of such issuance (or deemed issuance) plus the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for the shares so issued (or deemed issued) would purchase at such Warrant Price, and (B) the denominator of which is the total number of shares of Common Stock then outstanding plus the number of shares of Common Stock so issued (or deemed issued). Notwithstanding the foregoing, there shall be no adjustment to the Warrant Price upon any issuance or deemed issuance of Common Stock if the holders of a majority of the outstanding Series A Preferred Stock waive in writing such adjustment.

(ii) No adjustment of the Warrant Price shall be made under paragraph (i) of Section 4(d) upon the issuance of any Additional Shares of Common Stock which are issued pursuant to the exercise or conversion of any Common Stock Equivalents if any such adjustment shall previously have been made upon the issuance of such Common Stock Equivalents, or upon the issuance of any warrant or other rights therefor pursuant to Sections 4(e) or 4(f), or in connection with any Permitted Issuances.

(e) [reserved]

(f) Issuance of Common Stock Equivalents. If at any time prior the Issuer shall take a record of the Holders of its Common Stock for the purpose of entitling them to receive a distribution of, or shall in any manner (whether directly or by assumption in a merger in which the Issuer is the surviving corporation) issue or sell, any Common Stock Equivalents, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the Common Stock Equivalent Consideration (hereafter defined) per share for which Common Stock is issuable upon such conversion or exchange shall be less than the Warrant Price in effect immediately prior to the time of such issue or sale, or if, after any such issuance of Common Stock Equivalents, the price per share for which Additional Shares of Common Stock may be issuable thereafter is amended or adjusted, and such price as so amended shall be less than the applicable Warrant Price in effect at the time of such amendment or adjustment, then the Warrant Price then in effect immediately prior to the time of such issue or sale, shall upon each such issuance or sale be adjusted as provided Section 4(d)(i), with the maximum number of shares of Common Stock issuable upon conversion or exercise of such Common Stock Equivalents being deemed to have be issued or sold by the Company at the time of issuance or sale of such Common Stock Equivalents. For purposes of this Section 4(f), the "price per share for which Additional Shares of

Common Stock is issuable" shall be determined by dividing (X) the total amount received or receivable by the Company as consideration for the issue or sale of such Common Stock Equivalents, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exercise thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exercise of all such Common Stock Equivalents. No further adjustment of the Warrant Price then in effect shall be made under this Section 4(f) upon the issuance of any Common Stock Equivalents which are issued pursuant to the exercise of any warrants or other subscription or purchase rights therefor, if any such adjustment shall previously have been made upon the issuance of such warrants or other rights pursuant to Section 4(e). No further adjustments of the Warrant Price then in effect shall be made upon the actual issue of such Common Stock upon conversion or exchange of such Common Stock Equivalents if adjustment shall have previously been made pursuant to this section. No adjustments of the Warrant Price shall be made under this Section 4(f) in connection with any Permitted Issuances.

(g) Superseding Adjustment. If, at any time after any adjustment of the Warrant Price then in effect shall have been made pursuant to Section 4(e) or Section 4(f) as the result of any issuance of warrants, other rights or Common Stock Equivalents, and (i) such warrants or other rights, or the right of conversion or exchange in such other Common Stock Equivalents, shall expire, and all or a portion of such warrants or other rights, or the right of conversion or exchange with respect to all or a portion of such other Common Stock Equivalents, as the case may be shall not have been exercised, or (ii) the consideration per share for which shares of Common Stock are issuable pursuant to such Common Stock Equivalents, shall be increased solely by virtue of provisions therein contained for an automatic increase in such consideration per share upon the occurrence of a specified date or event, then for each outstanding Warrant such previous adjustment shall be rescinded and annulled. Upon the occurrence of an event set forth in this Section 4(g) above, there shall be a recomputation made of the effect of such Common Stock Equivalents on the basis of: (i) treating the number of Additional Shares of Common Stock or other property, if any, theretofore actually issued or issuable pursuant to the previous exercise of any such warrants or other rights or any such right of conversion or exchange, as having been issued on the date or dates of any such exercise and for the consideration actually received and receivable therefor, and (ii) treating any such Common Stock Equivalents which then remain outstanding as having been granted or issued immediately after the time of such increase of the consideration per share for which shares of Common Stock or other property are issuable under such Common Stock Equivalents; whereupon a new adjustment of the Warrant Price then in effect shall be made, which new adjustment shall supersede the previous adjustment so rescinded and annulled.

(h) Purchase of Common Stock by the Issuer. If the Issuer at any time while this Warrant is outstanding shall, directly or indirectly through a Subsidiary or otherwise, purchase, redeem or otherwise acquire any shares of Common Stock at a price per share greater than the Per Share Market Value, then the Warrant Price upon each such purchase, redemption or acquisition shall be adjusted to that price determined by multiplying such Warrant Price by a fraction (i) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such purchase, redemption or acquisition minus the number of shares of Common Stock which the aggregate consideration for the total number of such shares of Common Stock so purchased, redeemed or acquired would purchase at the Per Share Market Value; and (ii) the denominator of which shall be the number of shares of Common Stock outstanding immediately after such purchase, redemption or acquisition. For the purposes of this subsection (h), the date as of which the Per Share Market Price shall be computed shall be the earlier of (x) the date on which the Issuer shall enter into a firm contract for the purchase, redemption or acquisition of such Common Stock, or (y) the date of actual purchase, redemption or acquisition of such Common Stock. For the purposes of this subsection (h), a purchase, redemption or acquisition of a Common Stock Equivalent shall be deemed to be a purchase of the underlying Common Stock, and the computation herein required shall be made on the basis of the full exercise, conversion or exchange of such Common Stock Equivalent on the date as of which such computation is required hereby to be made, whether or not such Common Stock Equivalent is actually exercisable, convertible or exchangeable on such date.

(i) Other Provisions Applicable to Adjustments under this Section. The following provisions shall be applicable to the making of adjustments of the number of shares of Common Stock for which this Warrant is exercisable and the Warrant Price then in effect provided for in this Section 4:

(i) *Computation of Consideration.* To the extent that any Additional Shares of Common Stock or any Common Stock Equivalents (or any warrants or other rights therefor) shall be issued for cash consideration, the consideration received by the Issuer therefor shall be the amount of the cash received by the Issuer therefor, or, if such Additional Shares of Common Stock or Common Stock Equivalents are offered by the Issuer for subscription, the subscription price, or, if such Additional Shares of Common Stock or Common Stock

Equivalents are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price (in any such case subtracting any amounts paid or receivable for accrued interest or accrued dividends and without taking into account any compensation, discounts or expenses paid or incurred by the Issuer for and in the underwriting of, or otherwise in connection with, the issuance thereof). To the extent that such issuance shall be for a consideration other than cash, then, except as herein otherwise expressly provided, the amount of such consideration shall be deemed to be the fair value of such consideration at the time of such issuance as mutually determined in good faith by the Board of Directors of the Issuer and the Majority Holders. The consideration for any Additional Shares of Common Stock issuable pursuant to any warrants or other rights to subscribe for or purchase the same shall be the consideration received by the Issuer for issuing such warrants or other rights divided by the number of shares of Common Stock issuable upon the exercise of such warrant or right plus the additional consideration payable to the Issuer upon exercise of such warrant or other right for one share of Common Stock (together the "Warrant Consideration"). The consideration for any Additional Shares of Common Stock issuable pursuant to the terms of any Common Stock Equivalents shall be the consideration received by the Issuer for issuing such Common Stock Equivalent, divided by the number of shares of Common Stock issuable upon the conversion or other exercise of such Common Stock Equivalent, plus the additional consideration, if any, payable to the Issuer upon the exercise of the right of conversion or exchange in such Common Stock Equivalent for one share of Common Stock (together the "Common Stock Equivalent Consideration"). In case of the issuance at any time of any Additional Shares of Common Stock or Common Stock Equivalents in payment or satisfaction of any dividends upon any class of stock other than Common Stock, the Issuer shall be deemed to have received for such Additional Shares of Common Stock or Common Stock Equivalents a consideration equal to the amount of such dividend so paid or satisfied.

(ii) *Adjustments of Number of Shares*. In connection with an adjustment of the Warrant Price pursuant to Sections (d), (e), (f), (g) and (h) of this Section 4, the number of shares of Common Stock issuable hereunder shall be increased such that the aggregate Warrant Price payable hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the aggregate Warrant Price prior to such adjustment.

(iii) *Fractional Interests.* In computing adjustments under this Section 4, fractional interests in Common Stock shall be taken into account to the nearest one one-hundredth (1/100 th) of a share.

(iv) *When Adjustment Not Required.* If the Issuer shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights and shall, thereafter and before the distribution to stockholders thereof, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(j) Form of Warrant after Adjustments. The form of this Warrant need not be changed because of any adjustments in the Warrant Price or the number and kind of securities purchasable upon exercise of this Warrant.

(k) Escrow of Property. If after any property becomes distributable pursuant to this Section 4 by reason of the taking of any record of the holders of Common Stock, but prior to the occurrence of the event for which such record is taken, and the Holder exercises this Warrant, such property shall be held in escrow for the Holder by the Issuer to be distributed to the Holder upon and to the extent that the event actually takes place, upon payment of the then current Warrant Price. Notwithstanding any other provision to the contrary herein, if the event for which such record was taken fails to occur or is rescinded, then such escrowed property shall be returned to the Issuer.

5. Notice of Adjustments. Whenever the Warrant Price or Warrant Share Number shall be adjusted pursuant to Section 4 hereof (for purposes of this Section 5, each an "adjustment"), the Issuer shall cause its Chief Financial Officer to prepare and execute a certificate setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Board made any determination hereunder), and the Warrant Price and Warrant Share Number after giving effect to such adjustment, and shall cause copies of such certificate to be delivered to the Holder of this Warrant promptly after each adjustment. Any dispute between the Issuer and the Holder of this Warrant with respect to the matters set forth in such certificate may at the option of the Holder of this Warrant be submitted to one of the national accounting firms currently

known as the "big four" selected by the Holder, *provided, however,* that the Issuer shall have ten (10) days after receipt of notice from such Holder of its selection of such firm to object thereto, in which case such Holder shall select another such firm and the Issuer shall have no such right of objection. The firm selected by the Holder of this Warrant as provided in the preceding sentence shall be instructed to deliver a written opinion as to such matters to the Issuer and such Holder within thirty (30) days after submission to it of such dispute. Such opinion shall be final and binding on the parties hereto.

6. Fractional Shares. No fractional shares of Warrant Stock will be issued in connection with any exercise hereof, but in lieu of such fractional shares, the Issuer shall at its option either (a) make a cash payment therefor equal in amount to the product of the applicable fraction multiplied by the Per Share Market Value then in effect or (b) issue one whole share in lieu of such fractional share.

7. [Reserved]

8. Certain Exercise Restrictions.

(a) Notwithstanding anything to the contrary set forth in this Warrant, at no time may a holder of this Warrant exercise this Warrant if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by such holder at such time, the number of shares of Common Stock which would result in such holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 4.99% of all of the Common Stock outstanding at such time; *provided, however*, that upon a holder of this Warrant providing the Issuer with sixty-one (61) days notice (pursuant to Section 13 hereof) (the "Waiver Notice") that such holder would like to waive this Section 7(a) with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 7(a) will be of no force or effect with regard to all or a portion of the Warrant referenced in the Waiver Notice; provided, further, that this Section 8(a) shall be of no further force or effect during the sixty-one (61) days immediately preceding the expiration of the term of this Warrant.

(b) Notwithstanding anything to the contrary set forth in this Warrant, at no time may a holder of this Warrant exercise this Warrant if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by such holder at such time, the number of shares of Common Stock which would result in such holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder) in excess of 9.99% of all of the Common Stock outstanding at such time; provided, however, that upon a holder of this Warrant providing the Issuer with sixty-one (61) days notice (pursuant to Section 13 hereof) (the "Waiver Notice") that such holder would like to waive this Section 8 with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 8 will be of no force or effect with regard to all or a portion of the Warrant referenced in the Waiver Notice; provided, further, that this Section 8(b) shall be of no further force or effect during the sixty-one (61) days immediately preceding the expiration of the term of this Warrant.

9. Definitions. For the purposes of this Warrant, the following terms have the following meanings:

"Additional Shares of Common Stock" means all shares of Common Stock issued by the Issuer after the Original Issue Date, and all shares of any other Capital Stock of the Issuer of any class which shall be authorized at any time after the date of this Warrant (other than Common Stock) and which shall have the right to participate in the distribution of earnings and assets of the Issuer without limitation as to amount, issued by the Issuer after the Original Issue Date, except for Permitted Issuances.

"Board" shall mean the Board of Directors of the Issuer.

"Capital Stock" means and includes (i) any and all shares, interests, participations or other equivalents of or interests in (however designated) corporate stock, including, without limitation, shares of preferred or preference stock, (ii) all partnership interests (whether general or limited) in any Person which is a partnership, (iii) all membership interests or limited liability company interests in any limited liability company, and (iv) all equity or ownership interests in any Person of any other type.

"Certificate of Incorporation" means the Certificate of Incorporation of the Issuer as in effect on the

Original Issue Date, and as hereafter from time to time amended, modified, supplemented or restated in accordance with the terms hereof and thereof and pursuant to applicable law.

"Closing Price" shall mean (i) the last trading price per share of the Common Stock on such date on the OTC Bulletin Board or a registered national stock exchange on which the Common Stock is then listed, or if there is no such price on such date, then the last trading price on such exchange or quotation system on the date nearest preceding such date, or (ii) if the price of the Common Stock is not then reported by the OTC Bulletin Board or a registered national securities exchange, then the average of the "Pink Sheet" quotes for the relevant date, as reported by the National Quotation Bureau, Inc., or (iii) if the Common Stock is not then publicly traded the fair market value of a share of Common Stock as mutually determined by the Company and the Majority Holders.

"Common Stock" means the Common Stock, par value $.001 per share, of the Issuer and any other Capital Stock into which such stock may hereafter be changed.

"Common Stock Equivalent" means any Convertible Security or warrant, option or other right to subscribe for or purchase any Additional Shares of Common Stock or any Convertible Security.

"Common Stock Equivalent Consideration" has the meaning specified in Section 4(i)(i) hereof.

"Convertible Securities" means evidences of Indebtedness, shares of Capital Stock or other Securities which are or may be at any time convertible into or exchangeable for Additional Shares of Common Stock. The term "Convertible Security" means one of the Convertible Securities.

"Governmental Authority" means any governmental, regulatory or self-regulatory entity, department, body, official, authority, commission, board, agency or instrumentality, whether federal, state or local, and whether domestic or foreign.

"Holders" mean the Persons who shall from time to time own any Warrant. The term "Holder" means one of the Holders.

"Independent Appraiser" means a nationally recognized or major regional investment banking firm or firm of independent certified public accountants of recognized standing (which may be the firm that regularly examines the financial statements of the Issuer) that is regularly engaged in the business of appraising the Capital Stock or assets of corporations or other entities as going concerns, and which is not affiliated with either the Issuer or the Holder of any Warrant.

"Issuer" means Neoprobe Corporation, a Delaware corporation, and its successors.

"Majority Holders" means at any time the Holders of Warrants, substantially in the form of this Warrant and issued pursuant to the Purchase Agreement, exercisable for a majority of the shares of Warrant Stock issuable under the Warrants at the time outstanding.

"Original Issue Date" means [•], 2008.

"OTC Bulletin Board" means the over-the-counter electronic bulletin board.

"Permitted Issuances" means (1) issuances, pursuant to option plans existing on December 26, 2007, of options to employees, officers or directors of the Company , approved by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established for such purpose to the extent such issuances (i) are at an exercise price of not less than the Closing Price on the date of grant and (ii) are at an exercise price greater than $0.26 per share; (2) issuances of securities upon the exercise or exchange of or conversion of any securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the Original Issue Date (including this Warrant and the other securities issued pursuant to the Purchase Agreement), provided that such securities have not been amended since the Original Issue Date to increase the number of such securities or to decrease the exercise, exchange or conversion price of any such securities; and (3) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors, but not including a transaction with an entity whose primary business is investing in securities or a transaction, the

primary purpose of which is to raise capital.

"Person" means an individual, corporation, limited liability company, partnership, joint stock company, trust, unincorporated organization, joint venture, Governmental Authority or other entity of whatever nature.

"Per Share Market Value" means on any particular date (a) the last trading price on any national securities exchange on which the Common Stock is listed, or, if there is no such price, the closing bid price for a share of Common Stock in the over-the-counter market, as reported by the OTC Bulletin Board or in the National Quotation Bureau Incorporated or similar organization or agency succeeding to its functions of reporting prices) at the close of business on such date, or (b) if the Common Stock is not then reported by the OTC Bulletin Board or the National Quotation Bureau Incorporated (or similar organization or agency succeeding to its functions of reporting prices), then the average of the "Pink Sheet" quotes for the Common Stock on such date, or (c) if the Common Stock is not then publicly traded the fair market value of a share of Common Stock on such date as determined by the Board in good faith; provided, however, that the Majority Holders, after receipt of the determination by the Board, shall have the right to select, jointly with the Issuer, an Independent Appraiser, in which case, the fair market value shall be the determination by such Independent Appraiser; and provided , further that all determinations of the Per Share Market Value shall be appropriately adjusted for any stock dividends, stock splits or other similar transactions during the period between the date as of which such market value was required to be determined and the date it is finally determined. The determination of fair market value shall be based upon the fair market value of the Issuer determined on a going concern basis as between a willing buyer and a willing seller and taking into account all relevant factors determinative of value, and shall be final and binding on all parties. In determining the fair market value of any shares of Common Stock, no consideration shall be given to any restrictions on transfer of the Common Stock imposed by agreement or by federal or state securities laws, or to the existence or absence of, or any limitations on, voting rights.

"Purchase Agreement" means the Securities Purchase Agreement dated as of December 26, 2007 among the Issuer and the investors a party thereto.

"Securities" means any debt or equity securities of the Issuer, whether now or hereafter authorized, any instrument convertible into or exchangeable for Securities or a Security, and any option, warrant or other right to purchase or acquire any Security. "Security" means one of the Securities.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute then in effect.

"Subsidiary" means any corporation at least 50% of whose outstanding Voting Stock, and a limited liability company at least 50% of whose membership interests, shall at the time be owned directly or indirectly by the Issuer or by one or more of its Subsidiaries.

"Term" has the meaning specified in Section 1 hereof.

"Trading Day" means (a) a day on which the Common Stock is traded on the OTC Bulletin Board, or (b) if the Common Stock is not traded on the OTC Bulletin Board, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding its functions of reporting prices); provided, however, that in the event that the Common Stock is not listed or quoted as set forth in (a) or (b) hereof, then Trading Day shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

"Voting Stock" means, as applied to the Capital Stock of any corporation, Capital Stock of any class or classes (however designated) having ordinary voting power for the election of a majority of the members of the Board of Directors (or other governing body) of such corporation, other than Capital Stock having such power only by reason of the happening of a contingency.

"Warrants" means the Series W Warrants issued and sold pursuant to the Purchase Agreement, including, without limitation, this Warrant, and any other warrants of like tenor issued in substitution or exchange for any thereof pursuant to the provisions hereof or of any of such other Warrants.

"Warrant Consideration" has the meaning specified in Section 4(i)(i) hereof.

"Warrant Price" initially means U.S. $[•], 2 as such price may be adjusted from time to time as shall result from the adjustments specified in this Warrant, including Section 4 hereto.

"Warrant Share Number" means at any time the aggregate number of shares of Warrant Stock which may at such time be purchased upon exercise of this Warrant, after giving effect to all prior adjustments and increases to such number made or required to be made under the terms hereof.

"Warrant Stock" means Common Stock issuable upon exercise of any Warrant or Warrants or otherwise issuable pursuant to any Warrant or Warrants.

10. Other Notices. In case at any time:

(a) the Issuer shall make any distributions to the holders of Common Stock; or

(b) the Issuer shall authorize the granting to all holders of its Common Stock of rights to subscribe for or purchase any shares of Capital Stock of any class or of any Common Stock Equivalents or other rights; or

(c) there shall be any reclassification of the Capital Stock of the Issuer; or

(d) there shall be any capital reorganization by the Issuer; or

(e) there shall be any (i) consolidation or merger involving the Issuer or (ii) sale, transfer or other disposition of all or substantially all of the Issuer's property, assets or business (except a merger or other reorganization in which the Issuer shall be the surviving corporation and its shares of Capital Stock shall continue to be outstanding and unchanged and except a consolidation, merger, sale, transfer or other disposition involving a wholly-owned Subsidiary); or

(f) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Issuer or any partial liquidation of the Issuer or distribution to holders of Common Stock;

then, in each of such cases, the Issuer shall give written notice to the Holder of the date on which (i) the books of the Issuer shall close or a record shall be taken for such dividend, distribution or subscription rights or (ii) such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding-up, as the case may be, shall take place. Such notice also shall specify the date as of which the holders of Common Stock of record shall participate in such dividend, distribution or subscription rights, or shall be entitled to exchange their certificates for Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding-up, as the case may be. Such notice shall be given at least twenty (20) days prior to the action in question and not less than twenty (20) days prior to the record date or the date on which the Issuer's transfer books are closed in respect thereto. The Holder shall have the right to send two (2) representatives selected by it to each meeting, who shall be permitted to attend, but not vote at, such meeting and any adjournments thereof. This Warrant entitles the Holder to receive copies of all financial and other information distributed or required to be distributed to the holders of the Common Stock.

11. Amendment and Waiver. Any term, covenant, agreement or condition in this Warrant may be amended, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively), by a written instrument or written instruments executed by the Issuer and the Majority Holders; *provided, however,* that no such amendment or waiver shall reduce the Warrant Share Number, increase the Warrant Price, shorten the period during which this Warrant may be exercised or modify any provision of this Section 11 without the consent of the Holder of this Warrant.

12. Governing Law. **THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW, EXCEPT TO THE EXTENT THE GENERAL CORPORATION**

2 115% of the Series A Preferred Stock fixed conversion price.

LAW OF DELAWARE SHALL APPLY.

13. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earlier of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified for notice prior to 5:00 p.m., eastern time, on a Trading Day, (ii) the Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified for notice later than 5:00 p.m., eastern time, on any date and earlier than 11:59 p.m., eastern time, on such date, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service or (iv) actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be with respect to the Holder of this Warrant or of Warrant Stock issued pursuant hereto, addressed to such Holder at its last known address or facsimile number appearing on the books of the Issuer maintained for such purposes, or with respect to the Issuer, addressed to:

Neoprobe Corporation
425 Metro Place North, Suite 300
Dublin, OH 43017
Tel. No.:
Fax No.:

with a copy to:

Porter, Wright, Morris & Arthur, LLP
41 South High Street
Columbus, OH 43215
Attn: William J. Kelly, Jr.
Fax: (614) 227-2100

Copies of notices to the Holder shall be sent to Burak Anderson & Melloni, PLC, 30 Main Street, Burlington, Vermont 05402, Attention: Shane W. McCormack, Tel No.: (802) 862-0500, Fax No.: (802) 862-8176. Any party hereto may from time to time change its address for notices by giving at least ten (10) days written notice of such changed address to the other party hereto.

14. Warrant Agent. The Issuer may, by written notice to each Holder of this Warrant, appoint an agent having an office in New York, New York for the purpose of issuing shares of Warrant Stock on the exercise of this Warrant pursuant to subsection (b) of Section 2 hereof, exchanging this Warrant pursuant to subsection (d) of Section 2 hereof or replacing this Warrant pursuant to subsection (d) of Section 3 hereof, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such agent.

15. Remedies. The Issuer stipulates that the remedies at law of the Holder of this Warrant in the event of any default or threatened default by the Issuer in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate and that, to the fullest extent permitted by law, such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

16. Successors and Assigns. This Warrant and the rights evidenced hereby shall inure to the benefit of and be binding upon the successors and assigns of the Issuer, the Holder hereof and (to the extent provided herein) the Holders of Warrant Stock issued pursuant hereto, and shall be enforceable by any such Holder or Holder of Warrant Stock.

17. Modification and Severability. If, in any action before any court or agency legally empowered to enforce any provision contained herein, any provision hereof is found to be unenforceable, then such provision shall be deemed modified to the extent necessary to make it enforceable by such court or agency. If any such provision is not enforceable as set forth in the preceding sentence, the unenforceability of such provision shall not affect the other provisions of this Warrant, but this Warrant shall be construed as if such unenforceable provision had never been contained herein.

18. Headings. The headings of the Sections of this Warrant are for convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

19. Voting. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2.

IN WITNESS WHEREOF, the Issuer has executed this Warrant as of the day and year first above written.

NEOPROBE CORPORATION

By:

Name:

Title:

NEOPROBE CORPORATION

SERIES Y WARRANT
EXERCISE FORM

The undersigned _____, pursuant to the provisions of the within Warrant, hereby elects to purchase_____ shares of Common Stock of Neoprobe Corporation covered by the within Warrant.

Dated: _____ Signature _____

Address _____

_____

Number of shares of Common Stock beneficially owned or deemed beneficially owned by the Holder on the date of Exercise: _____

The undersigned is an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended.

The undersigned intends that payment of the Warrant Price shall be made as (check one):

Cash Exercise _____

Cashless Exercise _____

If the Holder has elected a Cash Exercise, the Holder shall pay the sum of $_____ by certified or official bank check (or via wire transfer) to the Issuer in accordance with the terms of the Warrant.

If the Holder has elected a Cashless Exercise, a certificate shall be issued to the Holder for the number of shares equal to the whole number portion of the product of the calculation set forth below, which is _____.

$$X = Y - \frac{(A)(Y)}{B}$$

Where:

The number of shares of Common Stock to be issued to the Holder _____("X").

The number of shares of Common Stock purchasable upon exercise of all of the Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being exercised _____ ("Y").

The Warrant Price _____ ("A").

The Per Share Market Value of one share of Common Stock _____ ("B").

ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ the within Warrant and all rights evidenced thereby and does irrevocably constitute and appoint _____, attorney, to transfer the said Warrant on the books of the within named corporation.

Dated: _____ Signature _____

Address _____

_____

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ the right to purchase _____ shares of Warrant Stock evidenced by the within Warrant together with all rights therein, and does irrevocably constitute and appoint _____, attorney, to transfer that part of the said Warrant on the books of the within named corporation.

Dated: _____ Signature _____

Address _____

_____

FOR USE BY THE ISSUER ONLY:

This Warrant No. W-_____ canceled (or transferred or exchanged) this _____ day of _____, _____, shares of Common Stock issued therefor in the name of _____, Warrant No. Y-_____ issued for _____ shares of Common Stock in the name of _____.

Exhibit 10.7

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of December 26, 2007, by and among Neoprobe Corporation, a Delaware corporation (the "Company"), and Platinum-Montaur Life Sciences, LLC (the "Purchaser").

This Agreement is being entered into pursuant to the Securities Purchase Agreement dated as of the date hereof among the Company and the Purchaser (the "Purchase Agreement").

The Company and the Purchaser hereby agree as follows:

1. Definitions.

Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" shall have meaning set forth in Section 3(m).

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls or is controlled by or under common control with such Person. For the purposes of this definition, "control," when used with respect to any Person, means the possession, direct or indirect, 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; and the terms of "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing.

"Board" shall have meaning set forth in Section 3(n).

"Business Day" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the state of New York generally are authorized or required by law or other government actions to close.

"Closing Date" means the date of the initial closing of the purchase and sale of securities to the Purchaser pursuant to the Purchase Agreement.

"Commission" means the Securities and Exchange Commission.

"Common Stock" means the Company's Common Stock, par value $.001 per share.

"Effectiveness Period" shall have the meaning set forth in Section 2(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Filing Date" means the sixtieth (60^{th}) day following the Closing Date.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities, including the Purchaser and its successors and assigns.

"Indemnified Party" shall have the meaning set forth in Section 5(c).

"Indemnifying Party" shall have the meaning set forth in Section 5(c).

"Losses" shall have the meaning set forth in Section 5(a).

"Notes" means the Series A Note and the Series B Note issued or to be issued to the Purchaser pursuant to the Purchase Agreement.

"Person" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

"Preferred Shares" means the Series A Preferred Stock of the Company issued to the Purchaser pursuant to the Purchase Agreement.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in the Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference in such Prospectus.

"Registrable Securities" means (A) the shares of Common Stock issuable upon conversion of the Preferred Shares and the Notes, (B) the shares of Common Stock issuable upon exercise of the Warrants and (c) shares of Common Stock issuable as dividends on the Preferred Shares or as interest on the Notes; provided, that, such securities shall cease to be Registrable Securities when such securities may be sold by the Holder pursuant to Rule 144 under the Securities Act (without regard to volume limitations or any other condition of such Rule, including the availability of current public information with respect to the Company).

"Registration Statement" means the registration statements and any additional registration statements contemplated by Section 2(a) and 2(b), including (in each case) the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference in such registration statement.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 158" means Rule 158 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Securities Act" means the Securities Act of 1933, as amended.

"Warrants" means the warrants to purchase shares of Common Stock issued to the Holders pursuant to the Purchase Agreement.

2. Resale Registration.

(a) On or prior to the Filing Date the Company shall prepare and file with the Commission a "resale" Registration Statement providing for the resale of all Registrable Securities for an offering to be made on a continuous basis pursuant to Rule 415. The Registration Statement shall be on Form SB-2 (except if the Company is not then eligible to register for resale the Registrable Securities on Form SB-2, in which case such registration shall be on another appropriate form in accordance with the Securities Act and the rules promulgated thereunder). The Company shall (i) not permit any securities other than the Registrable Securities to be included in the Registration Statement and (ii) subject to Section 2(b), use its best efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, and to keep such Registration Statement continuously effective under the Securities Act until such date as is the earlier of (x) the date when all Registrable Securities covered by such Registration Statement have been sold or (y) the date on which the Registrable Securities may be sold without any restriction pursuant to Rule 144 (including any restriction on the availability of current public information with respect to the Company) as determined by the counsel to the Company pursuant to a written opinion letter, addressed to the Company's transfer agent to such effect (the "Effectiveness Period"). If at any time and for any reason, an additional Registration Statement is required to be filed because at such time the actual number of shares of Common Stock into which the Notes, Preferred Shares and the Warrants are exercisable or convertible has increased, the Company shall have thirty-five (35) days to file such additional Registration Statement, and the Company shall use its best efforts to cause such additional Registration Statement to be declared effective by the Commission as soon as possible.

(b) Notwithstanding anything to the contrary set forth herein, in the event the Commission does not permit the Company to register all of the Registrable Securities in the

Registration Statement because of the Commission's application of Rule 415 as evidenced in a comment letter from the Commission with respect to the Registration Statement, the Company shall register in the Registration Statement such number of Registrable Securities as is permitted by the Commission, provided, however, that the securities to be included in such Registration Statement or any subsequent Registration Statement shall be determined in the following order: (i) first, the Registrable Securities issuable upon conversion of the Notes and Preferred Shares; (ii) second, the Registrable Securities issuable upon exercise of the Warrants (in each case of (i) and (ii) above, pro rata among the Holders based on the amount of Registrable Securities held by such Holders); (iii), third, the Registrable Securities issuable as interest or dividends on the Notes and the Preferred Shares; and (iv) fourth, any other securities required to be included in the Registration Statement. In the event the Commission does not permit the Company to register all of the Registrable Securities in the initial Registration Statement, the Company shall use its best efforts to file subsequent Registration Statements to register the Registrable Securities that were not registered in the initial Registration Statement as promptly as possible, and, in any event, by the Filing Date, and in a manner permitted by the Commission, and use its best efforts to cause such subsequent Registration Statements to be declared effective. For purposes of a subsequent filing under this paragraph, "Filing Date" means with respect to each subsequent Registration Statement filed pursuant hereto, as promptly as practicable, but in no event more than 15 days after the later of (i) sixty (60) days following the sale of substantially all of the Registrable Securities, determined, to the extent permitted by the Commission, on a per holder (and its affiliates) basis, included in the initial Registration Statement or any subsequent Registration Statement and (ii) six (6) months following the effective date of the initial Registration Statement or any subsequent Registration Statement, as applicable, or such earlier date as permitted by the Commission. Such subsequent Registration Statement shall be subject to the terms of this Agreement as a Registration Statement under Section 2 hereof.

3. Registration Procedures.

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Prepare and file with the Commission on or prior to the Filing Date, a Registration Statement on Form SB-2 (or if the Company is not then eligible to register for resale the Registrable Securities on Form SB-2 such registration shall be on another appropriate form in accordance with the Securities Act and the rules promulgated thereunder) in accordance with the method or methods of distribution thereof as specified by the Holders (except if otherwise directed by the Holders), and use its reasonable best efforts to cause the Registration Statement to become effective and remain effective as provided herein; provided, however, that not less than five (5) Business Days prior to the filing of the Registration Statement or any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated therein by reference), the Company shall (i) furnish to the Holders or their counsel copies of all such documents proposed to be filed, which documents (other than those incorporated by reference) will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of the Holders, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file the Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities shall reasonably object in writing within three (3) Business Days of their receipt thereof.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to the Registration Statement as may be necessary to keep the Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements as necessary in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424 (or any similar provisions then in force) promulgated under the Securities Act; (iii) respond as promptly as possible, but in no event later than ten (10) Business Days, to any comments received from the Commission with respect to the Registration Statement or any amendment thereto and as promptly as possible provide the Holders true and complete copies of all correspondence from and to the Commission relating to the Registration Statement; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by the Registration Statement during the applicable period in accordance with the intended methods of disposition by the Holders thereof set forth in the Registration Statement as so amended or in such Prospectus as so supplemented.

(c) Notify the Holders of Registrable Securities to be sold as promptly as possible (and, in the case of (i)(A) below, not less than five (5) days prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one (1) Business Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to the Registration Statement is filed; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement and (C) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) if at any time any of the representations and warranties of the Company contained in any agreement contemplated hereby ceases to be true and correct in all material respects; (v) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (vi) of the occurrence of any event that makes any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, Prospectus or other documents so that, in the case of the Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Use its reasonable best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of, (i) any order suspending the effectiveness of the Registration Statement or (ii)

any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) If requested by the Holders of a majority in interest of the Registrable Securities, (i) promptly incorporate in a Prospectus supplement or post-effective amendment to the Registration Statement such information as the Company reasonably agrees should be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment.

(f) Furnish to each Holder, without charge, at least one conformed copy of each Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission.

(g) Promptly deliver to each Holder, without charge, as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request; and the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(h) Prior to any public offering of Registrable Securities, use its reasonable best efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder requests in writing, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by a Registration Statement; provided, however, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or subject the Company to any material tax in any such jurisdiction where it is not then so subject.

(i) Cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold pursuant to a Registration Statement, which certificates shall be free of all restrictive legends (provided that the issuance of such unlegended certificates is in compliance with applicable securities laws), and to enable such Registrable Securities to be in such denominations and registered in such names as any Holder may request in writing at least two (2) Business Days prior to any sale of Registrable Securities.

(j) Upon the occurrence of any event contemplated by Section 3(c)(vi), as promptly as possible, prepare a supplement or amendment, including a post-effective amendment, to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither the Registration Statement nor such

Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Use its reasonable best efforts to cause all Registrable Securities relating to the Registration Statement to be listed, traded or quoted, as the case may be, on the OTC Bulletin Board or any other securities exchange, quotation system or market, if any, on which similar securities issued by the Company are then listed, traded or quoted as and when required pursuant to the Purchase Agreement and the Notes.

(l) Comply in all material respects with all applicable rules and regulations of the Commission and make generally available to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 not later than 45 days after the end of any 3-month period (or 75 days after the end of any 12-month period if such period is a fiscal year) commencing on the first day of the first fiscal quarter of the Company after the effective date of the Registration Statement, which statement shall conform to the requirements of Rule 158.

(m) The Company may require each Holder to furnish to the Company in writing information regarding such Holder, the Registrable Securities held by such Holder and the intended manner of distribution of such Registrable Securities as is required by law to be disclosed in the Registration Statement, and the Company may exclude from such registration the Registrable Securities of any such Holder who unreasonably fails to furnish such information within a reasonable time after receiving such request.

If the Registration Statement refers to any Holder by name or otherwise as the holder of any securities of the Company, then such Holder shall have the right to require (if such reference to such Holder by name or otherwise is not required by the Securities Act or any similar federal statute then in force) the deletion of the reference to such Holder in any amendment or supplement to the Registration Statement filed or prepared subsequent to the time that such reference ceases to be required.

Each Holder covenants and agrees that (i) it will not sell any Registrable Securities under the Registration Statement until it has received copies of the Prospectus as then amended or supplemented as contemplated in Section 3(g) and notice from the Company that such Registration Statement and any post-effective amendments thereto have become effective as contemplated by Section 3(c) and (ii) it and its officers, directors or Affiliates, if any, will comply with the prospectus delivery requirements of the Securities Act as applicable to them in connection with sales of Registrable Securities pursuant to the Registration Statement.

Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c)(ii), 3(c)(iii), 3(c)(iv), 3(c)(v), 3(c)(vi) or 3(n), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement contemplated by Section 3(j), or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of

any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement.

(n) If (i) there is material non-public information regarding the Company which the Company's Board of Directors (the "Board") reasonably determines not to be in the Company's best interest to disclose and which the Company is not otherwise required to disclose, or (ii) there is a significant business opportunity (including, but not limited to, the acquisition or disposition of assets (other than in the ordinary course of business) or any merger, consolidation, tender offer or other similar transaction) available to the Company which the Board reasonably determines not to be in the Company's best interest to disclose, then the Company may (x) postpone or suspend filing of a registration statement for a period not to exceed thirty (30) consecutive days or (y) postpone or suspend effectiveness of a registration statement for a period not to exceed thirty (30) consecutive days; provided that the Company may not postpone or suspend effectiveness or filing of a registration statement under this Section 3(n) for more than sixty (60) days in the aggregate during any three hundred sixty (360) day period; provided, however, that no such postponement or suspension shall be permitted for consecutive thirty (30) day periods arising out of the same set of facts, circumstances or transactions.

4. Registration Expenses.

All fees and expenses incident to the performance of or compliance with this Agreement by the Company, except as and to the extent specified in this Section 4, shall be borne by the Company whether or not the Registration Statement is filed or becomes effective and whether or not any Registrable Securities are sold pursuant to the Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the OTC Bulletin Board and each other securities exchange or market on which Registrable Securities are required hereunder to be listed, (B) with respect to filing fees required to be paid to the National Association of Securities Dealers, Inc. and the NASD Regulation, Inc. and (C) in compliance with state securities or Blue Sky laws (including, without limitation, fees and disbursements of counsel for the Holders in connection with Blue Sky qualifications of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as the Holders of a majority of Registrable Securities may designate)), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is requested by the holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement, including, without limitation, the Company's independent public accountants (including the expenses of any comfort letters or costs associated with the delivery by independent public accountants of a comfort letter or comfort letters). In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense

of any annual audit, the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, costs of preparation and attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in the light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that such Loss arises out of or is based solely upon (i) an untrue or alleged untrue statement or omission or alleged omission made in the Registration Statement or any Prospectus in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Holder expressly for use therein, or (ii) any statement or omission in any Prospectus that is corrected in any subsequent Prospectus that was delivered to such Holder at least three business days prior to the pertinent sale or sales by such Holder. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents and employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses (as determined by a court of competent jurisdiction in a final judgment not subject to appeal or review), as incurred, arising solely out of or based solely upon any untrue statement of a material fact contained in the Registration Statement, any Prospectus, or any form of prospectus, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in the light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished by such Holder or other Indemnifying Party to the Company specifically for inclusion in the Registration Statement or such Prospectus. Notwithstanding anything to the contrary contained herein, each Holder shall be liable under this Section 5(b) for only that amount as does not exceed the net proceeds to such Holder as a result of the sale of Registrable Securities pursuant to such Registration Statement.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party promptly shall notify the Person from whom indemnity is sought (the "Indemnifying Party) in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; or (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel (which shall be reasonably acceptable to the Indemnifying Party) that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses reasonably incurred by the Indemnified Party in connection with such Proceeding (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten (10) Business Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party because of a failure or refusal of a governmental authority to enforce such indemnification in accordance with its terms (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying

Party on the one hand and the Indemnified Party on the other from the offering of the Notes, the Preferred Shares and the Warrants. If, but only if, the allocation provided by the foregoing sentence is not permitted by applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault, as applicable, of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms. In no event shall any selling Holder be required to contribute an amount under this Section 5(d) in excess of the net proceeds received by such Holder upon sale of such Holder's Registrable Securities pursuant to the Registration Statement giving rise to such contribution obligation.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties. Notwithstanding anything to the contrary contained herein, the Holders shall be liable under this Section 5(d) for only that amount as does not exceed the net proceeds to such Holder as a result of the sale of Registrable Securities pursuant to such Registration Statement.

6. Rule 144. As long as any Holder owns any Registrable Securities, Notes, Preferred Shares or Warrants, the Company covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to Section 13(a) or 15(d) of the Exchange Act. As long as any Holder owns any Registrable Securities, Notes, Preferred Shares or Warrants, if the Company is not required to file reports pursuant to Section 13(a) or 15(d) of the Exchange Act, it will prepare and furnish to the Holders and make publicly available in accordance with Rule 144(c) promulgated under the Securities Act annual and quarterly financial statements, together with a discussion and analysis of such financial statements in form and substance substantially similar to those that would otherwise be required to be included in reports required by Section 13(a) or 15(d) of the Exchange Act, as well as any other information required thereby, in the time period that such filings would have been required to have been made under the Exchange Act. The Company further covenants that it will take such further action as any Holder may reasonably request all to the extent required from time to time to enable such Person to sell the

Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 promulgated under the Securities Act, including providing any legal opinions relating to such sale pursuant to Rule 144. Upon request of any Holder, the Company shall deliver to such Holder a written certification of a duly authorized officer as to whether it has complied with such requirements.

7. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder, of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) No Inconsistent Agreements. Neither the Company nor any of its subsidiaries has, as of the date hereof entered into and currently in effect, nor shall the Company or any of its subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except as disclosed in Schedule 3.3 of the Purchase Agreement, neither the Company nor any of its subsidiaries has previously entered into any agreement currently in effect granting any registration rights with respect to any of its securities to any Person. Without limiting the generality of the foregoing, without the written consent of the Holders of a majority of the then outstanding Registrable Securities, the Company shall not grant to any Person the right to request the Company to register any securities of the Company, under the Securities Act unless the rights so granted are subject in all respects to the prior rights in full of the Holders set forth herein, and are not otherwise in conflict with the provisions of this Agreement.

(c) No Piggyback on Registrations. Neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in the Registration Statement, and the Company shall not after the date hereof enter into any agreement providing such right to any of its securityholders, unless the right so granted is subject in all respects to the prior rights in full of the Holders set forth herein, and is not otherwise in conflict with the provisions of this Agreement.

(d) [RESERVED]

(e) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of three-fourths (3/4) of the Registrable Securities outstanding.

(f) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earlier of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified for notice prior to 5:00 p.m., New York City time, on a Business Day, (ii) the Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified for notice later than 5:00 p.m., New York City time, on any date and earlier than 11:59 p.m., New York City time, on such date, (iii) the Business Day following the date of mailing, if sent by nationally recognized overnight courier service or (iv) actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be with respect to each Holder at its address set forth under its name on Schedule I attached hereto, or with respect to the Company, addressed to:

Neoprobe Corporation
425 Metro Place North Suite 300
Dublin, OH 43017
Attn: David Bupp, President and CEO
Tel. No.: [ ]
Fax No.: (614) 793-7520

with copies (which copies shall not constitute notice to the Company to):

Porter, Wright, Morris & Arthur, LLP
41 South High Street, Suite 2800
Columbus, Ohio 43215
Telecopier No.: (614) 227-2100
Attention: William J. Kelly, Jr., Esq.

or to such other address or addresses or facsimile number or numbers as any such party may most recently have designated in writing to the other parties hereto by such notice. Copies of notices to the Holders shall be sent to Burak Anderson & Melloni, PLC, 30 Main Street, Burlington, Vermont, Attention: Shane W. McCormack, Tel. No.: (802) 862-0500, Fax. No.: (802) 862-8176.

(g) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns and shall inure to the benefit of each Holder and its successors and assigns. The Company may not assign this Agreement or any of its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign its rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement.

(h) Assignment of Registration Rights. The rights of each Holder hereunder, including the right to have the Company register for resale Registrable Securities in accordance with the terms of this Agreement, shall be automatically assignable by each Holder to any transferee or assignee of all or a portion of the Registrable Securities if: (i) the Holder agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (a)

the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned, (iii) following such transfer or assignment the further disposition of such securities by the transferee or assignees is restricted under the Securities Act and applicable state securities laws, (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this Section, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions of this Agreement, and (v) such transfer shall have been made in accordance with the applicable requirements of the Purchase Agreement. The rights to assignment shall apply to the Holders (and to subsequent) successors and assigns.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to any of the conflicts of law principles which would result in the application of the substantive law of another jurisdiction. This Agreement shall not be interpreted or construed with any presumption against the party causing this Agreement to be drafted. The Company and the Holders agree that venue for any dispute arising under this Agreement will lie exclusively in the state or federal courts located in New York County, New York, and the parties irrevocably waive any right to raise *forum non conveniens* or any other argument that New York is not the proper venue. The Company and the Holders irrevocably consent to personal jurisdiction in the state and federal courts of the state of New York. The Company and the Holders consent to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this Section 7(j) shall affect or limit any right to serve process in any other manner permitted by law. The Company and the Holders hereby agree that the prevailing party in any suit, action or proceeding arising out of or relating to the this Agreement or the Purchase Agreement, shall be entitled to reimbursement for reasonable legal fees from the non-prevailing party. The parties hereby waive all rights to a trial by jury.

(k) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held to be invalid, illegal, void or unenforceable in any respect, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(n) Shares Held by the Company and its Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or its Affiliates (other than any Holder or transferees or successors or assigns thereof if such Holder is deemed to be an Affiliate solely by reason of its holdings of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(o) [Reserved].

(p) Notwithstanding anything to the contrary herein, each party's obligations and agreements under Sections 2, 3 and 4 of this Agreement shall terminate on the earliest to occur of (i) the date as of which the Holders may sell all of the Registrable Securities held by them pursuant to Rule 144 (or successor thereto) promulgated under the 1933 Act (without compliance with any volume limitation, current public information requirement or any manner of sale requirement thereunder), or (ii) the date on which the Holders shall have sold all of the Registrable Securities.

IN WITNESS WHEREOF, the parties hereto have caused this Registration Rights Agreement to be duly executed by their respective authorized persons as of the date first indicated above.

NEOPROBE CORPORATION

By: /s/ David C. Bupp
Name: David C. Bupp
Title: President & CEO

PLATINUM-MONTAUR LIFE SCIENCES, LLC

By: /s/ Michael Goldberg
Name: Michael Goldberg
Title: Portfolio Manager

Schedule I
List of Holders

Platinum-Montaur Life Sciences, LLC
152 West 57th Street, 54th Floor,
New York, New York 10019
Attention: Michael Goldberg, M.D.

Exhibit 10.8

SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of December 26, 2007 (this "Agreement"), is between Neoprobe Corporation, a Delaware corporation (the "Company" or the "Debtor"), and Platinum-Montaur Life Sciences, LLC (the "Secured Party"), the holder of the Company's Senior Secured Notes (the "Notes"), issued or to be issued to the Secured Party pursuant and subject to the terms of the Securities Purchase Agreement, dated as of the date hereof, between the Debtor and the Secured Party (the "Purchase Agreement"), and its endorsees, transferees and assigns.

W I T N E S S E T H:

WHEREAS, pursuant to the Notes and subject to the terms of the Purchase Agreement, the Secured Party has agreed to extend the loans to the Company evidenced by the Notes;

WHEREAS, in order to induce the Secured Party to extend the loans evidenced by the Notes, the Debtor has agreed to execute and deliver to the Secured Party this Agreement and to grant the Secured Party a security interest in certain property of the Debtor to secure the prompt payment, performance and discharge in full of all of the Company's obligations under the Notes.

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Certain Definitions**. As used in this Agreement, the following terms shall have the meanings set forth in this Section 1. Terms used but not otherwise defined in this Agreement that are defined in Article 9 of the UCC (including the terms "account", "chattel paper", "commercial tort claim", "deposit account", "document", "equipment", "fixtures", "general intangibles", "goods", "instruments", "inventory", "investment property", "letter-of-credit rights", "proceeds", "securities" and "supporting obligations") shall have the respective meanings given such terms in Article 9 of the UCC.

(a) "Collateral" means the collateral in which the Secured Party is granted a security interest by this Agreement and which shall include the following personal property of the Debtor, whether presently owned or existing or hereafter acquired or coming into existence, wherever situated, and all additions and accessions thereto and all substitutions and replacements thereof, and all proceeds, products and accounts thereof, including, without limitation, all proceeds from the sale or transfer of the Collateral and of insurance covering the same and of any tort claims in connection therewith, and all dividends, interest, cash, notes, securities, equity interest or other property at any time and from time to time acquired, receivable or otherwise distributed in respect of, or in exchange for, any or all of the Pledged Securities (as defined below):

(i) All goods, including, without limitation, (A) all machinery, equipment, computers, motor vehicles, trucks, tanks, boats, ships, appliances, furniture, special and general tools, fixtures, test and quality control devices and

other equipment of every kind and nature and wherever situated, together with all documents of title and documents representing the same, all additions and accessions thereto, replacements therefor, all parts therefor, and all substitutes for any of the foregoing and all other items used and useful in connection with the Debtor's businesses and all improvements thereto; and (B) all inventory, including all materials, work in process and finished goods;

(ii) All contract rights and other general intangibles, including, without limitation, all partnership interests, membership interests, stock or other securities, rights under any of the Organizational Documents, agreements related to the Pledged Securities, licenses, distribution and other agreements, computer software (whether "off-the-shelf", licensed from any third party or developed by the Debtor), computer software development rights, leases, franchises, customer lists, quality control procedures, grants and rights, goodwill, trademarks, service marks, trade styles, trade names, patents, patent applications, copyrights, and income tax refunds;

(iii) All accounts, together with all instruments, all documents of title representing any of the foregoing, all rights in any merchandising, goods, equipment, motor vehicles and trucks which any of the same may represent, and all right, title, security and guaranties with respect to each account, including any right of stoppage in transit;

(iv) All documents, letter-of-credit rights, instruments and chattel paper;

(v) All commercial tort claims;

(vi) All deposit accounts and all cash (whether or not deposited in such deposit accounts);

(vii) All investment property;

(viii) All supporting obligations;

(ix) All files, records, books of account, business papers, and computer programs; and

(x) the products and proceeds of all of the foregoing Collateral set forth in clauses (i)-(ix) above.

Without limiting the generality of the foregoing, the "Collateral" shall include all investment property and general intangibles respecting ownership and/or other equity interests in each subsidiary, including, without limitation, the shares of capital stock and the other equity interests listed on Schedule H hereto (as the same may be modified from time to time pursuant to the terms hereof), and any other shares of capital stock and/or other equity interests of any other direct or

indirect subsidiary of the Debtor obtained in the future, and, in each case, all certificates representing such shares and/or equity interests and, in each case, all rights, options, warrants, stock, other securities and/or equity interests that may hereafter be received, receivable or distributed in respect of, or exchanged for, any of the foregoing and all rights arising under or in connection with the Pledged Securities, including, but not limited to, all dividends, interest and cash.

Notwithstanding the foregoing, nothing herein shall be deemed to constitute an assignment of any asset which, in the event of an assignment, becomes void by operation of applicable law or the assignment of which is otherwise prohibited by applicable law (in each case to the extent that such applicable law is not overridden by Sections 9-406, 9-407 and/or 9-408 of the UCC or other similar applicable law); provided, however, that to the extent permitted by applicable law, this Agreement shall create a valid security interest in such asset and, to the extent permitted by applicable law, this Agreement shall create a valid security interest in the proceeds of such asset.

(b) "Intellectual Property" means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, (ii) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof, and all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, (iii) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, domain names and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common law rights related thereto, (iv) all trade secrets arising under the laws of the United States, any other country or any political subdivision thereof, (v) all rights to obtain any reissues, renewals or extensions of the foregoing, (vi) all licenses for any of the foregoing, and (vii) all causes of action for infringement of the foregoing.

(c) "Necessary Endorsement" means undated stock powers endorsed in blank or other proper instruments of assignment duly executed and such other instruments or documents as the Secured Party may reasonably request.

(d) "Obligations" means all of the liabilities and obligations (primary, secondary, direct, contingent, sole, joint or several) due or to become due, or that are now

or may be hereafter contracted or acquired, or owing, of the Debtor to the Secured Party under this Agreement, the Notes and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from the Secured Party as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time. Without limiting the generality of the foregoing, the term "Obligations" shall include, without limitation: (i) principal of, and interest on, the Notes and the loans extended pursuant thereto; (ii) any and all other fees, indemnities, costs, obligations and liabilities of the Debtor from time to time under or in connection with this Agreement, the Notes and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith; and (iii) all amounts (including but not limited to post-petition interest) in respect of the foregoing that would be payable but for the fact that the obligations to pay such amounts are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Debtor.

(e) "Organizational Documents" means, with respect to the Debtor, the documents by which the Debtor was organized (such as a certificate of incorporation, certificate of limited partnership or articles of organization, and including, without limitation, any certificates of designation for preferred stock or other forms of preferred equity) and which relate to the internal governance of the Debtor (such as bylaws, a partnership agreement or an operating, limited liability or members agreement).

(f) "Pledged Securities" shall have the meaning ascribed to such term in Section 4(i).

(g) "UCC" means the Uniform Commercial Code of the State of New York and/or any other applicable law of any state or states which have jurisdiction with respect to all, or any portion of, the Collateral or this Agreement, from time to time. It is the intent of the parties that defined terms in the UCC should be construed in their broadest sense so that the term "Collateral" will be construed in its broadest sense. Accordingly if there are, from time to time, changes to defined terms in the UCC that broaden the definitions, they are incorporated herein, and if existing definitions in the UCC are broader than the amended definitions, the existing ones shall be controlling.

2. **Grant of Security Interest in Collateral**. As an inducement for the Secured Party to extend the loans as evidenced by the Notes and to secure the complete and timely payment, performance and discharge in full, as the case may be, of all of the Obligations, the Debtor hereby unconditionally and irrevocably pledges, grants and hypothecates to the Secured Party a security interest in and to, a lien upon, and a right of set-off against, all of its right, title and interest of whatsoever kind and nature in and to the Collateral (a "Security Interest" and collectively, the "Security Interests").

3. **Delivery of Certain Collateral**. Contemporaneously with or prior to the execution of this Agreement, the Debtor shall deliver or cause to be delivered to the Secured Party (a) any and all certificates and other instruments representing or evidencing the Pledged Securities, and (b) any and all certificates and other instruments or documents representing any of the other Collateral, in each case, together with all Necessary Endorsements; provided that the certificates and instruments representing the Ordinary Shares of Cardiosonix, Ltd. shall be delivered to the Secured Party within thirty (30) days of the execution of this Agreement. The Debtor is, contemporaneously with the execution hereof, delivering to the Secured Party, or has previously delivered to the Secured Party, a true and correct copy of each Organizational Document governing any of the Pledged Securities.

4. **Representations, Warranties, Covenants and Agreements of the Debtor**. Except as set forth under the corresponding section of the disclosure schedules delivered to the Secured Party concurrently herewith (the "Disclosure Schedules"), which Disclosure Schedules shall be deemed a part hereof, the Debtor represents and warrants to, and covenants and agrees with, the Secured Party as follows:

(a) The Debtor has the requisite corporate or other power and authority to enter into this Agreement and otherwise to carry out its obligations hereunder. The execution, delivery and performance by the Debtor of this Agreement and the filings contemplated therein have been duly authorized by all necessary action on the part of the Debtor and no further action is required by the Debtor. This Agreement has been duly executed by the Debtor. This Agreement constitutes the legal, valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization and similar laws of general application relating to or affecting the rights and remedies of creditors and by general principles of equity.

(b) The Debtor has no place of business or offices where its books of account and records are kept (other than temporarily at the offices of their attorneys or accountants) or places where Collateral is stored or located, except as set forth on Schedule A attached hereto. The Debtor owns of record, subject only to Permitted Encumbrances (as defined in the Purchase Agreement), the real property where such Collateral is located, as identified on Schedule A. Except as disclosed on Schedule A, none of such Collateral is in the possession of any consignee, bailee, warehouseman, agent or processor.

(c) Except for Permitted Encumbrances (as defined in the Purchase Agreement) and except as set forth on Schedule B attached hereto, the Debtor is the sole owner of the Collateral, free and clear of any liens, security interests, encumbrances, rights or claims, and are fully authorized to grant the Security Interests. Except with respect to Permitted Encumbrances (as defined in the Purchase Agreement) and except as set forth on Schedule B attached hereto, there is not on file in any governmental or regulatory authority, agency or recording office an effective financing statement, security agreement, license or transfer or any notice of any of the foregoing (other than those that

will be filed in favor of the Secured Party pursuant to this Agreement) covering or affecting any of the Collateral. Except with respect to Permitted Encumbrances (as defined in the Purchase Agreement), except as set forth on Schedule B attached hereto and except pursuant to this Agreement, as long as this Agreement shall be in effect, the Debtor shall not execute and shall not knowingly permit to be on file in any such office or agency any other financing statement or other similar document or instrument (except to the extent filed or recorded in favor of the Secured Party pursuant to the terms of this Agreement).

(d) No written claim has been received by the Debtor that any Collateral or Debtor's use of any Collateral violates the rights of any third party. There has been no adverse decision to the Debtor's claim of ownership rights in or exclusive rights to use the Collateral in any jurisdiction or to the Debtor's right to keep and maintain such Collateral in full force and effect, and there is no proceeding involving said rights pending or, to the best knowledge of the Debtor, threatened before any court, judicial body, administrative or regulatory agency, arbitrator or other governmental authority.

(e) The Debtor shall at all times maintain its books of account and records relating to the Collateral at its registered office (except when temporarily kept at the offices of its attorneys or accountants) and its Collateral at the locations set forth on Schedule A attached hereto and may not relocate such books of account and records or tangible Collateral unless it delivers to the Secured Party at least 30 days prior to such relocation (i) written notice of such relocation and the new location thereof (which must be within the United States) and (ii) evidence that appropriate financing statements under the UCC and other necessary documents have been filed and recorded and other steps have been taken to perfect the Security Interests to create in favor of the Secured Party, subject to Permitted Encumbrances (as defined in the Purchase Agreement), a valid, perfected and continuing perfected first priority lien in the Collateral.

(f) This Agreement creates in favor of the Secured Party a valid security interest in the Collateral, subject only to Permitted Encumbrances (as defined in the Purchase Agreement), securing the payment and performance of the Obligations. Upon making the filings described in the immediately following paragraph, all security interests created hereunder in any Collateral which may be perfected by filing UCC financing statements shall have been duly perfected. Except for the filing of the UCC financing statements referred to in the immediately following paragraph, the recordation of the Intellectual Property Security Agreement (as defined below) in the United States Patent and Trademark Office, and the delivery of the certificates and other instruments provided in Section 3, no action is necessary to create, perfect or protect the security interests created hereunder. Without limiting the generality of the foregoing, except for the filing of said financing statements and the recordation of said Intellectual Property Security Agreement, no consent of any third parties and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for (i) the execution, delivery and performance of this Agreement, (ii) the creation or perfection of the Security Interests created hereunder in the Collateral or (iii) the enforcement of the rights of the Secured Party hereunder.

(g) The Debtor hereby authorizes the Secured Party to file one or more financing statements under the UCC with respect to the Security Interests with the proper filing and recording agencies in any jurisdiction deemed proper by it, which UCC financing statement may describe the collateral as "All assets", or otherwise perfect the security interest granted herein.

(h) The execution, delivery and performance of this Agreement by the Debtor does not (i) violate any of the provisions of any Organizational Documents of the Debtor or any judgment, decree, order or award of any court, governmental body or arbitrator or any applicable law, rule or regulation applicable to the Debtor or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing the Debtor's debt or otherwise) or other understanding to which the Debtor is a party or by which any property or asset of the Debtor is bound or affected. If any, all required consents (including, without limitation, from stockholders or creditors of the Debtor) necessary for the Debtor to enter into and perform its obligations hereunder have been obtained.

(i) The capital stock and other equity interests listed on Schedule H hereto (the "Pledged Securities") represent all of the capital stock and other equity interests in the subsidiaries of the Company, and represent all capital stock and other equity interests owned, directly or indirectly, by the Company. All of the Pledged Securities are validly issued, fully paid and nonassessable, and the Company is the legal and beneficial owner of the Pledged Securities, free and clear of any lien, security interest or other encumbrance except for the security interests created by this Agreement and other Permitted Encumbrances (as defined in the Purchase Agreement). The Debtor shall cause the pledge and security interest of the Secured Party to be duly noted in its corporate books and records.

(j) The ownership and other equity interests in partnerships and limited liability companies (if any) included in the Collateral (the "Pledged Interests") by their express terms do not provide that they are securities governed by Article 8 of the UCC and are not held in a securities account or by any financial intermediary.

(k) Except for Permitted Encumbrances (as defined in the Purchase Agreement), the Debtor shall at all times maintain the liens and Security Interests provided for hereunder as valid and perfected first priority liens and security interests in the Collateral in favor of the Secured Party until this Agreement and the Security Interests hereunder shall be terminated pursuant to Section 14 hereof. The Debtor hereby agrees to use commercially reasonable efforts to defend the same against the claims of any and all persons and entities and to safeguard and protect all Collateral for the account of the Secured Party. At the reasonable request of the Secured Party, the Debtor will sign and deliver to the Secured Party at any time or from time to time one or more financing statements pursuant to the UCC in form reasonably satisfactory to the Secured Party and

will pay the cost of filing the same in all public offices wherever filing is necessary to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, the Debtor shall pay all fees, taxes and other amounts necessary to maintain the Collateral and the Security Interests hereunder, and the Debtor shall obtain and furnish to the Secured Party from time to time, upon demand, such releases and/or subordinations of claims and liens which may be required to maintain in accordance with this Agreement the priority of the Security Interests hereunder.

(l) Except for Permitted Encumbrances (as defined in the Purchase Agreement), the Debtor will not transfer, pledge, hypothecate, encumber, license, sell or otherwise dispose of any of the Collateral (except for non-exclusive licenses granted by the Debtor in its ordinary course of business and sales of inventory by the Debtor in its ordinary course of business) without the prior written consent of the Secured Party.

(m) The Debtor shall keep and preserve its equipment, inventory and other tangible Collateral in good condition, repair and order (subject to ordinary wear and tear) and shall not operate or locate any such Collateral (or cause to be operated or located) in any area excluded from insurance coverage.

(n) The Debtor shall maintain with financially sound and reputable insurers, insurance with respect to the Collateral, including Collateral hereafter acquired, against loss or damage of the kinds and in the amounts customarily insured against by entities of established reputation having similar properties similarly situated and in such amounts as are customarily carried under similar circumstances by other such entities and otherwise as is prudent for entities engaged in similar businesses but in any event sufficient to cover the full replacement cost thereof.

(o) The Debtor shall, within ten (10) days of obtaining knowledge thereof, advise the Secured Party promptly, in sufficient detail, of any material adverse change in the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of the Collateral or on the Secured Party's security interest therein.

(p) The Debtor shall promptly execute and deliver to the Secured Party such further deeds, mortgages, assignments, security agreements, financing statements or other instruments, documents, certificates and assurances and take such further action as the Secured Party may from time to time reasonably request as necessary to perfect, protect or enforce the Secured Party's security interest in the Collateral including, without limitation, the execution and delivery of a separate security agreement with respect to the Debtor's Intellectual Property ("Intellectual Property Security Agreement") to be delivered on the date hereof, in which the Secured Party has been granted a security interest hereunder, substantially in a form reasonably acceptable to the Secured Party, which Intellectual Property Security Agreement, other than as stated therein, shall be subject to all of the terms and conditions hereof.

(q) The Debtor shall permit the Secured Party and its representatives and agents access to inspect the Collateral during normal business hours, upon reasonable

prior written notice, and to make copies of records pertaining to the Collateral as may be reasonably requested by the Secured Party from time to time, subject to such persons executing a confidentiality agreement in a form reasonably requested by Debtor.

(r) The Debtor shall take all commercially reasonable steps to diligently pursue and seek to preserve, enforce and collect any rights, claims, causes of action and accounts receivable in respect of the Collateral.

(s) The Debtor shall promptly notify the Secured Party in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by the Debtor that would have a material adverse effect on the value of the Collateral, the Security Interest or the rights and remedies of the Secured Party hereunder.

(t) All information heretofore, herein or hereafter supplied to the Secured Party by or on behalf of the Debtor with respect to the Collateral is accurate and complete in all material respects as of the date furnished.

(u) The Debtor shall at all times preserve and keep in full force and effect its valid existence and good standing and any rights and franchises material to its businesses.

(v) The Debtor will not change its name, type of organization, jurisdiction of organization, organizational identification number (if it has one), legal or corporate structure, or identity, or add any new fictitious name unless it provides at least 30 days' prior written notice to the Secured Party of such change and, at the time of such written notification, the Debtor provides any financing statements or fixture filings necessary to perfect and continue the perfection of the Security Interests granted and evidenced by this Agreement.

(w) Except in the ordinary course of business and except for Permitted Encumbrances (as defined in the Purchase Agreement), the Debtor may not consign any of its Inventory or sell any of its Inventory on bill and hold, sale or return, sale on approval, or other conditional terms of sale without the consent of the Secured Party, which shall not be unreasonably withheld.

(x) The Debtor may not relocate its chief executive office to a new location without providing 30 days' prior written notification thereof to the Secured Party and so long as, at the time of such written notification, the Debtor provides any financing statements or fixture filings necessary to perfect and continue the perfection of the Security Interests granted and evidenced by this Agreement.

(y) The Debtor was organized and remains organized solely under the laws of the state set forth next to the Debtor's name in Schedule D attached hereto, which Schedule D sets forth the Debtor's organizational identification number or, if the Debtor does not have one, states that one does not exist.

(z) (i) The actual name of the Debtor is the name set forth in Schedule D attached hereto; (ii) the Debtor has no trade names except as set forth on Schedule E attached hereto; (iii) the Debtor has not used any name other than that stated in the preamble hereto or as set forth on Schedule E for the preceding five years; and (iv) no entity has merged into the Debtor or been acquired by the Debtor within the past five years except as set forth on Schedule E.

(aa) At any time and from time to time that any Collateral consists of instruments, certificated securities or other items that require or permit possession by the secured party to perfect the security interest created hereby, the applicable Debtor shall deliver such Collateral to the Secured Party.

(bb) The Debtor, in its capacity as issuer, hereby agrees to comply with any and all reasonable orders and instructions of Secured Party regarding the Pledged Interests consistent with the terms of this Agreement without the further consent of the Debtor as contemplated by Section 8-106 (or any successor section) of the UCC. Further, the Debtor agrees that it shall not enter into a similar agreement (or one that would confer "control" within the meaning of Article 8 of the UCC) with any other person or entity.

(cc) The Debtor shall cause all tangible chattel paper constituting Collateral to be delivered to the Secured Party, or, if such delivery is not commercially reasonable, then to cause such tangible chattel paper to contain a legend noting that it is subject to the security interest created by this Agreement. To the extent that any Collateral consists of electronic chattel paper, the applicable Debtor shall cause the underlying chattel paper to be "marked" within the meaning of Section 9-105 of the UCC (or successor section thereto).

(dd) If there is any investment property or deposit account included as Collateral that can be perfected by "control" through an account control agreement, the applicable Debtor shall cause such an account control agreement, in form and substance in each case reasonably satisfactory to the Secured Party, to be entered into and delivered to the Secured Party.

(ee) To the extent that any Collateral consists of letter-of-credit rights, the applicable Debtor shall endeavor to cause the issuer of each underlying letter of credit to consent to an assignment of the proceeds thereof to the Secured Party.

(ff) To the extent that any Collateral is in the possession of any third party, the applicable Debtor shall join with the Secured Party in notifying such third party of the Secured Party's security interest in such Collateral and shall endeavor to obtain an acknowledgement and agreement from such third party with respect to the Collateral, in form and substance reasonably satisfactory to the Secured Party.

(gg) If the Debtor shall at any time hold or acquire a commercial tort claim, the Debtor shall promptly notify the Secured Party in a writing signed by the Debtor of the particulars thereof and grant to the Secured Party in such writing a security interest

therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Secured Party.

(hh) The Debtor shall promptly provide written notice to the Secured Party of any and all accounts which arise out of contracts with any governmental authority and, to the extent necessary to perfect or continue the perfected status of the Security Interests in such accounts and proceeds thereof, shall execute and deliver to the Secured Party an assignment of claims for such accounts and cooperate with the Secured Party in taking any other steps required under the Federal Assignment of Claims Act or any similar foreign, federal, state or local statute or rule to perfect or continue the perfected status of the Security Interests in such accounts and proceeds thereof.

(ii) [Reserved].

(jj) [Reserved].

(kk) The Debtor shall cause each issuer of Pledged Securities to register the pledge of the applicable Pledged Securities in the name of the Secured Party on the books of such issuer. Further, except with respect to certificated securities delivered to the Secured Party, the Debtor shall endeavor to deliver to the Secured Party an acknowledgement of pledge (which, where appropriate, shall comply with the requirements of the relevant UCC with respect to perfection by registration) signed by the issuer of the applicable Pledged Securities, which acknowledgement shall confirm that: (a) it has registered the pledge on its books and records; and (b) at any time directed by the Secured Party during the continuation of an Event of Default, such issuer will transfer the record ownership of such Pledged Securities into the name of any designee of the Secured Party, will take such steps as may be necessary to effect the transfer, and will comply with all other reasonable instructions of the Secured Party regarding such Pledged Securities without the further consent of the applicable Debtor. So long as no Event of Default is uncured and continuing, the Debtor shall have the right to vote the Pledged Securities in all matters presented to the stockholders of the Pledged Securities for vote thereon, provided that the Debtor shall vote the Pledged Securities so as to comply with the covenants and agreements of the Debtor set forth in the Notes and the Transaction Documents.

(ll) In the event that, upon an occurrence of an Event of Default, the Secured Party shall sell all or any of the Pledged Securities to another party or parties (herein called the "Transferee") or shall purchase or retain all or any of the Pledged Securities, the Debtor shall, to the extent applicable: (i) deliver to the Secured Party or the Transferee, as the case may be, the articles of incorporation, bylaws, minute books, stock certificate books, corporate seals, deeds, leases, indentures, agreements, evidences of indebtedness, books of account, financial records and all other Organizational Documents and records of the Debtor and its direct and indirect subsidiaries; (ii) use its commercially reasonable efforts to obtain resignations of the persons then serving as officers and directors of the Debtor and its direct and indirect subsidiaries, if so requested by the Secured Party; and (iii) use its commercially reasonable efforts to obtain any approvals

that are required by any governmental or regulatory body in order to permit the sale of the Pledged Securities to the Transferee or the purchase or retention of the Pledged Securities by the Secured Party and allow the Transferee or Secured Party to continue the business of the Debtor and its direct and indirect subsidiaries.

(mm) Without limiting the generality of the other obligations of the Debtor hereunder, the Debtor shall promptly (i) cause to be registered at the United States Copyright Office all of its material copyrights, (ii) cause the security interest contemplated hereby with respect to all Intellectual Property registered at the United States Copyright Office or United States Patent and Trademark Office to be duly recorded at the applicable office, and (iii) give the Secured Party notice whenever it acquires (whether absolutely or by license) or creates any additional material Intellectual Property.

(nn) The Debtor will from time to time, at the sole expense of the Debtor, promptly execute and deliver all such further instruments and documents, and take all such further action as may be necessary or desirable, or as the Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder and with respect to any Collateral or to otherwise carry out the purposes of this Agreement.

(oo) Schedule F attached hereto lists all of the patents, patent applications, trademarks, trademark applications, registered copyrights, and domain names owned by the Debtor as of the date hereof. Schedule F lists all material licenses in favor of the Debtor for the use of any patents, trademarks, copyrights and domain names as of the date hereof. All material patents and trademarks of the Debtor have been duly recorded at the United States Patent and Trademark Office and all material copyrights of the Debtor have been duly recorded at the United States Copyright Office.

(pp) Except as set forth on Schedule G attached hereto, none of the account debtors or other persons or entities obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or any similar foreign, federal, state or local statute or rule in respect of such Collateral.

5. **Effect of Pledge on Certain Rights**. If any of the Collateral subject to this Agreement consists of nonvoting equity or ownership interests (regardless of class, designation, preference or rights) that may be converted into voting equity or ownership interests upon the occurrence of certain events (including, without limitation, upon the transfer of all or any of the other stock or assets of the issuer), it is agreed that the pledge of such equity or ownership interests pursuant to this Agreement or the enforcement of any of the Secured Party's rights hereunder shall not be deemed to be the type of event which would trigger such conversion rights notwithstanding any provisions in the Organizational Documents or agreements to which the Debtor is subject or to which the Debtor is party.

6. **Defaults**. The following events shall be "Events of Default":

(a) The occurrence of an Event of Default (as defined in the Notes) under any of the Notes;

(b) Any representation or warranty of the Debtor in this Agreement shall prove to have been incorrect in any material respect when made; or

(c) The failure by the Debtor to observe or perform any of its obligations hereunder for five (5) business days after delivery to the Debtor of notice of such failure by or on behalf of the Secured Party unless such default is capable of cure but cannot be cured within such time frame and the Debtor is using best efforts to cure same in a timely fashion.

7. **Duty To Hold In Trust**.

(a) Upon the occurrence and during the continuance of any Event of Default, the Debtor shall, upon receipt of any revenue, income, dividend, interest or other sums subject to the Security Interests, whether payable pursuant to the Notes or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the same in trust for the Secured Party and shall forthwith endorse and transfer any such sums or instruments, or both, to the Secured Party.

(b) If the Debtor shall become entitled to receive or shall receive any securities or other property (including, without limitation, shares of Pledged Securities or instruments representing Pledged Securities acquired after the date hereof, or any options, warrants, rights or other similar property or certificates representing a dividend, or any distribution in connection with any recapitalization, reclassification or increase or reduction of capital, or issued in connection with any reorganization of the Debtor or any of its direct or indirect subsidiaries) in respect of the Pledged Securities (whether as an addition to, in substitution of, or in exchange for, such Pledged Securities or otherwise), the Debtor agrees to (i) accept the same as the agent of the Secured Party; (ii) hold the same in trust on behalf of and for the benefit of the Secured Party; and (iii) deliver any and all certificates or instruments evidencing the same to the Secured Party on or before the close of business on the fifth business day following the receipt thereof by the Debtor, in the exact form received together with the Necessary Endorsements, to be held by the Secured Party subject to the terms of this Agreement as Collateral.

8. **Rights and Remedies Upon Default**.

(a) Upon the occurrence of any Event of Default and at any time thereafter, the Secured Party shall have the right to exercise all of the remedies conferred hereunder and under the Notes, and the Secured Party shall have all the rights and remedies of a secured party under the UCC, including without limitation, the following rights and powers:

(i) The Secured Party shall have the right to take possession of the Collateral and, for that purpose, enter by reasonable means, with the aid and

assistance of any person, any premises where the Collateral, or any part thereof, is or may be placed and remove the same, and the Debtor shall assemble the Collateral and make it available to the Secured Party at places which the Secured Party shall reasonably select, whether at the Debtor's premises or elsewhere, and make reasonably available to the Secured Party, without rent, all of the Debtor's premises and facilities for the purpose of the Secured Party taking possession of, removing or putting the Collateral in saleable or disposable form.

(ii) Upon written notice to the Debtor by the Secured Party, all rights of the Debtor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise and all rights of the Debtor to receive the dividends and interest which it would otherwise be authorized to receive and retain, shall cease. Upon such notice, the Secured Party shall have the right to receive any interest, cash dividends or other payments on the Collateral and, at the option of the Secured Party, to exercise in the Secured Party's discretion all voting rights pertaining thereto. Without limiting the generality of the foregoing, the Secured Party shall have the right (but not the obligation) to exercise all rights with respect to the Collateral as if it were the sole and absolute owner thereof, including, without limitation, to vote and/or to exchange, at its sole discretion, any or all of the Collateral in connection with a merger, reorganization, consolidation, recapitalization or other readjustment concerning or involving the Collateral or the Debtor or any of its direct or indirect subsidiaries.

(iii) The Secured Party shall have the right to operate the business of the Debtor using the Collateral and shall have the right to assign, sell, lease or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon commercially reasonable terms and conditions Upon each such sale, lease, assignment or other transfer of Collateral, the Secured Party, may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of the Debtor, which are hereby waived and released.

(iv) The Secured Party shall have the right (but not the obligation) to notify any account debtors and any obligors under instruments or accounts to make payments directly to the Secured Party, and to enforce the Debtor's rights against such account debtors and obligors.

(v) The Secured Party, may (but is not obligated to) direct any financial intermediary or any other person or entity holding any investment property to transfer the same to the Secured Party, or its designee.

(vi) The Secured Party may (but is not obligated to) transfer any or all Intellectual Property registered in the name of the Debtor at the United States

Patent and Trademark Office and/or Copyright Office into the name of the Secured Party or any designee or any purchaser of any Collateral, subject to the terms of the Intellectual Property Security Agreement.

(b) The Secured Party shall comply with any applicable law in connection with a disposition of Collateral and such compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Secured Party may sell the Collateral without giving any warranties and may specifically disclaim such warranties. If the Secured Party sells any of the Collateral on credit, the Debtor will only be credited with payments actually made by the purchaser. In addition, the Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Secured Party's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

(c) For the purpose of enabling the Secured Party to further exercise rights and remedies under this Section 8 or elsewhere provided by agreement or applicable law, the Debtor hereby grants to the Secured Party, an irrevocable, nonexclusive license to use, license or sublicense following an Event of Default, any Intellectual Property now owned or hereafter acquired by the Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

9. **Applications of Proceeds**. The proceeds of any such sale, lease, license, sublicense or other disposition of the Collateral hereunder or from payments made on account of any insurance policy insuring any portion of the Collateral shall be applied first, to the reasonable expenses of the Secured Party incurred in retaking, holding, storing, processing and preparing for sale, selling, and the like (including, without limitation, any taxes, fees and other costs reasonably incurred in connection therewith) of the Collateral, to the reasonable attorneys' fees and expenses incurred by the Secured Party in enforcing the Secured Party's rights hereunder and in connection with collecting, storing and disposing of the Collateral, and then to satisfaction of the Obligations, and to the payment of any other amounts required by applicable law, after which the Secured Party shall pay to the applicable Debtor any surplus proceeds. If, upon the sale, license or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Party is legally entitled, the Debtor will be liable for the deficiency, together with interest thereon, at the default rate set forth in the Notes (the "Default Rate"), and the reasonable fees of any attorneys employed by the Secured Party to collect such deficiency. To the extent permitted by applicable law, the Debtor waives all claims, damages and demands against the Secured Party arising out of the repossession, removal, retention or sale of the Collateral, unless due solely to the gross negligence or willful misconduct of the Secured Party as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction.

10. **Securities Law Provision**. The Debtor recognizes that the Secured Party may be limited in its ability to effect a sale to the public of all or part of the Pledged Securities by reason of certain prohibitions in the Securities Act of 1933, as amended, or other federal or state

securities laws (collectively, the "Securities Laws"), and may be compelled to resort to one or more sales to a restricted group of purchasers who may be required to agree to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. The Debtor agrees that sales so made may be at prices and on terms less favorable than if the Pledged Securities were sold to the public, and that the Secured Party has no obligation to delay the sale of any Pledged Securities for the period of time necessary to register the Pledged Securities for sale to the public under the Securities Laws. The Debtor shall cooperate with the Secured Party in its reasonable attempt to satisfy any requirements under the Securities Laws (including, without limitation, registration thereunder if reasonably requested by the Secured Party) applicable to the sale of the Pledged Securities by the Secured Party.

11. **Costs and Expenses**. The Debtor agrees to pay all reasonable out-of-pocket fees, costs and expenses incurred in connection with any filing required hereunder, including without limitation, any financing statements pursuant to the UCC, continuation statements, partial releases and/or termination statements related thereto or any expenses of any searches reasonably required by the Secured Party. The Debtor shall also pay all other claims and charges which would, if unpaid, be reasonably likely to prejudice, imperil or otherwise affect the Collateral or the Security Interests therein. The Debtor will also, upon demand, pay to the Secured Party the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Secured Party, may incur in connection with (i) the enforcement of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, or (iii) the exercise or enforcement of any of the rights of the Secured Party under the Notes or other Transaction Documents. Until so paid, any fees payable hereunder shall be added to the principal amount of the Notes and shall bear interest at the Default Rate.

12. **Responsibility for Collateral**. The Debtor assumes all liabilities and responsibility in connection with all Collateral, and the Obligations shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unavailability for any reason. Without limiting the generality of the foregoing, (a) in no event shall the Secured Party (i) have any duty (either before or after an Event of Default) to collect any amounts in respect of the Collateral or to preserve any rights relating to the Collateral, or (ii) have any obligation to clean-up or otherwise prepare the Collateral for sale, and (b) the Debtor shall remain obligated and liable under each contract or agreement included in the Collateral to be observed or performed by the Debtor thereunder. The Secured Party shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Secured Party of any payment relating to any of the Collateral, nor shall the Secured Party be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Secured Party or to which the Secured Party may be entitled at any time or times.

13. **Security Interests Absolute**. All rights and all obligations of the parties hereunder, shall be absolute and unconditional, irrespective of: (a) any lack of validity or

enforceability of this Agreement, the Notes or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Notes or any other agreement entered into in connection with the foregoing; (c) any exchange, release or nonperfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guarantee, or any other security, for all or any of the Obligations; (d) any action by the Secured Party to obtain, adjust, settle and cancel in its reasonable discretion any insurance claims or matters made or arising in connection with the Collateral; or (e) any other circumstance which might otherwise constitute any legal or equitable defense available to the Debtor, or a discharge of all or any part of the Security Interests granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Secured Party shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy. The Debtor expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by the Secured Party hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Party, then, in any such event and to the extent thereof, the Debtor's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. The Debtor waives all right to require the Secured Party to proceed against any other person or entity or to apply any Collateral which the Secured Party may hold at any time, or to marshal assets, or to pursue any other remedy. The Debtor hereby waives any defense arising by reason of the application of the statute of limitations of the obligations secured hereby.

14. **Term of Agreement**. This Agreement and the Security Interests shall terminate on the date on which all payments under the Notes have been indefeasibly paid in full or the Notes have been fully converted and all other Obligations arising thereunder or hereunder (other than contingent indemnification obligations) have been paid or discharged.

15. **Power of Attorney; Further Assurances**.

(a) The Debtor authorizes the Secured Party, and does hereby make, constitute and appoint the Secured Party and its officers, agents, successors or assigns with full power of substitution, as the Debtor's true and lawful attorney-in-fact, with power, in the name of the Secured Party or the Debtor, to, after the occurrence and during the continuance of an Event of Default, (i) endorse any note, checks, drafts, money orders or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Secured Party; (ii) to sign and endorse any financing statement pursuant to the UCC or any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to the Collateral; (iii) to pay or discharge taxes, liens, security

interests or other encumbrances at any time levied or placed on or threatened against the Collateral; (iv) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; (v) to transfer any Intellectual Property or provide licenses respecting any Intellectual Property; and (vi) generally, at the option of the Secured Party, and at the expense of the Debtor, at any time, or from time to time, to execute and deliver any and all documents and instruments and to do all acts and things which the Secured Party reasonably deems necessary to protect, preserve and realize upon the Collateral and the Security Interests granted therein in order to effect the intent of this Agreement and the Notes all as fully and effectually as the Debtor might or could do; and the Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding. The designation set forth herein shall be deemed to amend and supersede any inconsistent provision in the Organizational Documents or other documents or agreements to which the Debtor is subject or to which the Debtor is a party. Without limiting the generality of the foregoing, after the occurrence and during the continuance of an Event of Default, the Secured Party is specifically authorized to execute and file any applications for or instruments of transfer and assignment of any patents, trademarks, copyrights or other Intellectual Property with the United States Patent and Trademark Office and the United States Copyright Office.

(b) On a continuing basis, the Debtor will make, execute, acknowledge, deliver, file and record, as the case may be, with the proper filing and recording agencies in any jurisdiction, including, without limitation, the jurisdictions indicated on Schedule C attached hereto, all such instruments, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by the Secured Party, to perfect the Security Interests granted hereunder and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to the Secured Party the grant or perfection of a perfected security interest in all the Collateral under the UCC.

(c) The Debtor hereby irrevocably appoints the Secured Party as the Debtor's attorney-in-fact, with full authority in the place and stead of the Debtor and in the name of the Debtor, from time to time in the Secured Party's discretion, to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including the filing, in its sole discretion, of one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of the Debtor where permitted by law, which financing statements may (but need not) describe the Collateral as "all assets" or "all personal property" or words of like import, and ratifies all such actions taken by the Secured Party. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

16. **Notices**. Any demand upon or notice to the Debtor hereunder shall be effective when delivered by hand or when properly deposited in the mails postage prepaid, or sent by telex, answerback received, or electronic facsimile transmission, receipt acknowledged, or

delivered to a telegraph company or overnight courier, in each case addressed to the Debtor at the address shown below or such other address as the Debtor may advise the Secured Party in writing. Any notice by the Debtor to the Secured Party shall be given as aforesaid, addressed to the Secured Party at the address shown below or such other address as the Secured Party may advise the Debtor in writing.

Secured Party:	Platinum Montaur Life Sciences, LLC 152 West 57th Street, 54th Floor New York, NY 10019 Fax:
Debtor:	Neoprobe Corporation 425 Metro Place North Dublin, Ohio Fax: (614) 793-7520

17. **Other Security**. To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other person, firm, corporation or other entity, then the Secured Party shall have the right, in its sole discretion, to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Secured Party's rights and remedies hereunder.

18. **Miscellaneous**.

(a) No course of dealing between the Debtor and the Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder or under the Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Party with respect to the Collateral, whether established hereby or by the Notes or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(c) This Agreement, together with the exhibits and schedules hereto, the Notes and the related agreements contemplated hereby and thereby contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into this Agreement and the exhibits and schedules hereto. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Debtor and the Secured Party or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought.

(d) If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(e) No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

(f) This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Secured Party (other than by merger). The Secured Party may assign any or all of its rights under this Agreement to any Person to whom the Secured Party assigns or transfers any Securities, provided such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of this Agreement that apply to the "Secured Party."

(g) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(h) All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. The Debtor agrees that all proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement, the other Transaction Documents and the Notes (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) may be brought in the Courts of New York County, New York or of the United States of America for the Southern District of New York and hereby expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and expressly waives any claim of improper venue and any claim that such courts are an inconvenient forum. Each of the Debtor and the Secured Party hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, at the address in effect for notices to it under the Purchase

Agreement, such service to become effective 10 days after such mailing. Nothing in this Section 5.9 shall affect or limit any right to serve process in any other manner permitted by law. Each of the Debtor and the Secured Party hereby agree that the prevailing party in any suit, action or proceeding arising out of or relating to this Agreement shall be entitled to reimbursement for reasonable legal fees from the non-prevailing party. The Debtor and the Secured Party hereby waive all rights to trial by jury.

(i) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) [Intentionally omitted].

(k) The Debtor shall indemnify, reimburse and hold harmless the Secured Party and its partners, members, shareholders, officers, directors, employees and agents (and any other persons with other titles that have similar functions) (collectively, "Indemnitees") from and against any and all losses, claims, liabilities, damages, penalties, suits, costs and expenses, of any kind or nature, (including fees relating to the cost of investigating and defending any of the foregoing) imposed on, incurred by or asserted against such Indemnitee in any way related to or arising from or alleged to arise from this Agreement or the Collateral, except any such losses, claims, liabilities, damages, penalties, suits, costs and expenses which result from the gross negligence or willful misconduct of the Indemnitee as determined by a final, nonappealable decision of a court of competent jurisdiction. This indemnification provision is in addition to, and not in limitation of, any other indemnification provision in the Notes, the Transaction Documents or any other agreement, instrument or other document executed or delivered in connection herewith or therewith.

(l) Nothing in this Agreement shall be construed to subject the Secured Party to liability as a partner in the Debtor or any of its direct or indirect subsidiaries that is a partnership or as a member in any of its direct or indirect subsidiaries that is a limited liability company, nor shall the Secured Party be deemed to have assumed any obligations under any partnership agreement or limited liability company agreement, as applicable, of the Debtor or any of its direct or indirect subsidiaries or otherwise, unless and until the Secured Party exercises its right to be substituted for the Debtor as a partner or member, as applicable, pursuant hereto.

(m) To the extent that the grant of the security interest in the Collateral and the enforcement of the terms hereof require the consent, approval or action of any partner or member, as applicable, of the Debtor or any direct or indirect subsidiary of the Debtor or compliance with any provisions of any of the Organizational Documents, the Debtor hereby grants such consent and approval and waives any such noncompliance with the terms of said documents.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on the day and year first above written.

DEBTOR:

NEOPROBE CORPORATION

By: /s/ David C. Bupp
Name: David C. Bupp
Title: President & CEO

PLATINUM MONTAUR LIFE SCIENCES, LLC

By: /s/ Michael Goldberg
Name: Michael Goldberg
Title: Portfolio Manager

Exhibit 10.9

PATENT, TRADEMARK

AND COPYRIGHT SECURITY AGREEMENT

THIS PATENT, TRADEMARK AND COPYRIGHT SECURITY AGREEMENT (this "Agreement") is entered into as of this 26th day of December 2007, by and among NEOPROBE CORPORATION, a Delaware corporation (the "Company"), CARDIOSONIX LTD., a corporation organized under the laws of the State of Israel ("Cardiosonix"), and CIRA BIOSCIENCES INC., a Delaware corporation ("Cira" and jointly and severally with the Company and Cardiosonix, the "Pledgor"), each with its principle address at 425 Metro Place North, Suite 300, Dublin, Ohio 43017-1367, and Platinum-Montaur Life Sciences, LLC (the "Lender").

WHEREAS, the Company and the Lender are parties to a certain Securities Purchase Agreement, dated as of December 26, 2007 (the "Purchase Agreement"), and a Security Agreement, dated as of December 26, 2007 (the "Security Agreement"), which provide for, among other things: (i) the Company to issue to the Lender the Notes identified in the Purchase Agreement; and (ii) the grant by the Company to the Lender of a security interest in the Company's assets.

WHEREAS, to induce the Lender to purchase the Notes pursuant to the Purchase Agreement, the Company has agreed to pledge, and to cause its subsidiaries to pledge, as collateral security for the Company's obligations under the Notes, the assets described herein.

WHEREAS, the extension of credit pursuant to the Notes benefits Cardiosonix and Cira, as subsidiaries of the Company.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements contained, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Pledgor and the Lender agree as follows:

1. Security Interest in Patents, Trademarks and Copyrights. To secure the complete and timely satisfaction of all of Company's "Obligations" (as that term is defined in the Security Agreement) to the Lender, the Pledgor hereby grants and conveys to the Lender a security interest (having priority over all other security interests except as set forth herein) with power of sale, to the extent permitted by law, in all of its now owned or existing, and hereafter acquired or arising:

(a) patents, patent applications, including, without limitation, any invention and improvement to a patent or patent application, including without limitation those patents and patent applications listed on Schedule A (being sometimes referred to individually and/or collectively, the "Patents");

(b) trademarks, registered trademarks and trademark applications, trade names, trade styles, service marks, registered service marks and service

mark applications including, without limitation, the registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule B and (i) all renewals thereof, (ii) all accounts receivable, income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past, present or future infringements and dilutions thereof, and (iii) the right to sue for past, present and future infringements and dilutions thereof, and (iv) all of the Pledgor's rights corresponding thereto throughout the world (all of the foregoing registered trademarks, trademark applications, trade names, trade styles, registered service marks and service mark applications, together with the items described in clauses (i)-(iv) in this Section 1(b), being sometimes hereinafter individually and/or collectively referred to as the "Trademarks");

(c) the goodwill of Pledgor's business connected with and symbolized by the Trademarks; and

(d) copyrights, and copyright applications, including without limitation, those copyrights listed in Schedule C (being sometimes referred to individually and/or collectively as the "Copyrights");

together with all additions, accessions, accessories, amendments, attachments, modifications, substitutions, and replacements, proceeds and products of the foregoing.

2. Recording of Patents and Trademarks. Pledgor represents and warrants that (1) the patents and patent applications listed in Schedule A, and (2) the trademark and trademark applications described in Schedule B, have each been duly recorded in the U.S. Patent and Trademark Office (the "PTO"); and that no other patents, patent applications, trademarks, or trademark applications have been filed or recorded with the PTO in which the Pledgor has an interest.

3. Recording of Copyrights. Pledgor represents and warrants that the copyright and copyright applications described in Schedule C have been duly recorded in the U.S. Copyright Office, and that no other copyright, and copyright applications have been recorded in the U.S. Copyright Office, in which the Pledgor has an interest.

4. Restrictions on Future Agreements. Pledgor will not, without the Lender's prior written consent, after the date hereof, enter into any agreement, including, without limitation, any license agreement, that is inconsistent with this Agreement, and Pledgor further agrees that it will not take any action, and will use reasonable efforts not to knowingly permit any action to be taken by others subject to its control, including licensees, or knowingly fail to take any action, which would affect the validity or enforcement of the rights transferred to the Lender, under this Agreement or the rights associated with those Patents, Trademarks and/or Copyrights which are

in Pledgor's reasonable business judgment, necessary or desirable in the operation of Pledgor's business.

5. New Patents, Trademarks and Copyrights. Pledgor represents and warrants that the Patents, Trademarks, and Copyrights listed on Schedules A, B, and C, include all of the patents, patent applications, trademark registrations, trademark applications, service marks registrations, service mark applications, registered copyrights and copyright applications, now owned or held by Pledgor. If, prior to the termination of this Agreement, Pledgor shall (i) create or obtain rights to any new patents, trademarks, trademark registrations, trademark applications, trade names, trade styles, service marks, service marks registrations, or service mark applications, or (ii) become entitled to the benefit of any patent, trademark, trademark registration, trademark application, trade name, trade style, service mark, service mark registration, service mark application, the provisions of Section 1 above shall automatically apply thereto and Pledgor shall give the Lender prompt written notice thereof. Pledgor hereby authorizes the Lender to modify this Agreement by (a) amending Schedules A, B, and/or C, as the case may be, to include any future patents, trademark registrations, trademark applications, service mark registrations, service mark applications, registered copyrights and copyright applications that are Patents, Trademarks or Copyrights under Section 1 above, or under this Section 5 (whether or not any such notice from Pledgor has been sent or received), and (b) filing, in addition to and not in substitution for this Agreement, a supplement or addendum to this Agreement containing on Schedule B therein, as the case may be, such registered trademarks, trademark applications, service marks, registered service marks and service mark applications that are Trademarks under Section 1 above or this Section 5 and to take any action the Lender otherwise deems appropriate to perfect or maintain the rights and interest of the Lender, under this Agreement with respect to such Patents, Trademarks and Copyrights.

6. Nature and Continuation of Security Interest; Notice to Third Parties. This Agreement has the effect of giving third parties notice of the Lender's Security Interest in Company's Patents, Trademarks and Copyrights. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Patents, Trademarks and Copyrights and shall remain in full force and effect until the liabilities and Obligations of the Company to the Lenders have been paid in full. Notwithstanding anything to the contrary contained herein, it is understood and agreed that the Lender's security interest in the Patents, Trademarks and Copyrights set forth on Schedule D shall be subject to the license granted by the Pledgor to Ethicon Endo-Surgery, Inc. ("Ethicon") pursuant to the Distribution Agreement, dated as of September 28, 1999, between the Company and Ethicon, as amended to date. So long as Ethicon is performing its obligations and not otherwise in default under said Distribution Agreement, such license shall continue in accordance with its terms, notwithstanding any action of Lender taken hereunder upon and after an Event of Default; provided, that, it is understood and agreed that the Lender, upon and after an Event of Default, shall be entitled to all payments made by Ethicon or its assigns in respect of such Patents, Trademarks and Copyrights. Pledgor hereby authorizes the Secured Party to register and record the security interest granted hereby at the PTO and to file any necessary financing statements with the Secretary of State of the State of Delaware to evidence the security interest granted hereby.

7. Right to Inspect; Assignments and Security Interests. The Lender shall have the right, at any reasonable time upon prior written request and from time to time, to inspect Pledgor's premises and to examine Pledgor's books, records and operations relating to the Patents and the Trademarks, including, without limitation, Pledgor's quality control processes; provided, that in conducting such inspections and examinations, the Lender shall use reasonable efforts not to disturb unnecessarily the conduct of Plegor's ordinary business operations. From and after the occurrence of an event of default under the Notes (an "Event of Default"), Pledgor agrees that the Lender, or a conservator appointed by the Lender, shall have the right to take any action to renew or to apply for registration of any Trademarks as the Lender or said conservator, on its sole judgment, may deem necessary or desirable in connection with the enforcement of the Lender's rights hereunder. Pledgor agrees not to sell or assign its respective interests in the Patents, Trademarks and/or Copyrights without the prior written consent of the Lender.

8. Duties of Pledgor. Pledgor shall have the duty to (i) prosecute diligently any patent application, or trademark application or service mark application that is part of the Trademarks pending as of the date hereof or thereafter until the termination of this Agreement, and (ii) preserve and maintain all of Pledgor's rights in the patents, patent applications, trademark applications, service mark applications and trademark and service mark registrations that are part of the Patents and Trademarks. Any expenses incurred in connection with the foregoing shall be borne by Pledgor. Pledgor shall not, without thirty (30) days prior written notice to the Lender, abandon any trademark or service mark that is the subject of a registered trademark, service mark or application therefor and which, is or shall be necessary or economically desirable in the operation of the Pledgor's business. The Lender shall not have any duty with respect to the Patents, Trademarks and/or Copyrights. Without limiting the generality of the foregoing, the Lender shall not be under any obligation to take any steps necessary to preserve rights in the Patents, Trademarks and/or Copyrights against any other parties, but may do so at its option during the continuance of an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of Company and added to the Obligations and liabilities secured hereby and by the Security Agreement. Pledgor covenants and agrees to take all necessary steps (at Pledgor's sole cost and expense) to perfect the Lender's security interest in the Patents, Trademarks and Copyrights in any foreign jurisdiction (other than the State of Israel) within 90 days of the date hereof, and to provide evidence of the same to the Lender.

9. Lender's Right to Sue. Upon the occurrence and during the continuance of any Event of Default, the Lender shall have the right, for the benefit of the Lenders, to exercise all rights and remedies available at law or in equity. From and after the occurrence and during the continuance of an Event of Default, the Lender shall have the right, but shall not be obligated, to bring suit or take any other action to enforce the Patents, Trademarks and Copyrights and, if the Lender shall commence any such suit or take any such action, Pledgor shall, at the request of the Lender, do any and all reasonable lawful acts and execute any and all proper documents reasonably required by the Lender in aid of such enforcement. Pledgor shall, upon demand, promptly reimburse and indemnify the Lender for all reasonable out-of-pocket costs and expenses incurred by the Lender in the exercise of its rights under this Section 9 (including, without limitation, all attorneys' fees). If, for any reason whatsoever, the Lender is not reimbursed with respect to the costs and expenses referred to in the preceding sentence, such

costs and expenses shall be added to the Obligations secured hereby and by the Security Agreement.

10. Waivers. The Pledgor waives to the extent permitted by applicable law presentment, demand, notice, protest, notice of acceptance of this Agreement, notice of any loans made, credit or other extensions granted, collateral received or delivered or any other action taken in reliance hereon and all other demands and notices of any description, except for such demands and notices as are expressly required to be provided to the Pledgor under this Agreement or any other document evidencing the Obligations or the liabilities under the Notes. With respect to both the Obligations and any collateral securing the Notes (the "Collateral"), the Pledgor assents to any extension or postponement of the time of payment or any other forgiveness or indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromise or adjustment of any thereof, all in such manner and at such time or times as the Lender may deem advisable. The Lender may exercise its rights with respect to the Collateral without resorting, or regard, to other collateral or sources of reimbursement for Obligations. The Lender shall not be deemed to have waived any of its rights with respect to the Obligations or the Collateral unless such waiver is in writing and signed by the Lender. No delay or omission on the part of the Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not bar or waive the exercise of any right on any future occasion. All rights and remedies of the Lender in the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, are cumulative and not exclusive of any remedies provided by law or any other agreement, and may be exercised separately or concurrently.

11. Successors and Assigns. This Agreement shall be binding upon the Pledgor, its respective successors and permitted assigns, and shall inure to the benefit of and be enforceable by the Lender and its successors and assigns. Without limiting the generality of the foregoing sentence, the Lender may assign or otherwise transfer any agreement or any note held by it evidencing, securing or otherwise executed in connection with the Obligations, or sell participations in any interest therein, to any other person or entity.

12. General; Term.

(a) This Agreement may not be amended or modified except by a writing signed by the Pledgor and the Lender, nor may the Pledgor assign any of its rights hereunder. This Agreement and the terms, covenants and conditions hereof shall be construed in accordance with, and governed by, the laws of the State of New York (without giving effect to any conflicts of law provisions contained therein). In the event that any Collateral stands in the name of the Pledgor and another or others jointly, as between the Lender and the Pledgor, the Lender may deal with the same for all purposes as if it belonged to or stood in the name of the Pledgor alone.

(b) This Agreement and the security interests granted herein shall terminate on the date on which all payments under the Notes have been indefeasibly paid or satisfied in full (including as a result of the conversion in full of the Notes) and all other obligations have been paid or discharged (other than contingent indemnification obligations).

13. Waiver of Jury Trial; Venue. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. The Pledgor agrees that all proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement, the other Transaction Documents (as defined in the Purchase Agreement) and the Notes (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) may be brought in the Courts of New York County, New York or of the United States of America for the Southern District of New York and hereby expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and expressly waives any claim of improper venue and any claim that such courts are an inconvenient forum. Each of the Pledgor and the Lender hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, at the address in effect for notices to it under the Purchase Agreement, such service to become effective 10 days after such mailing. Nothing in this Section shall affect or limit any right to serve process in any other manner permitted by law. Each of the Pledgor and the Lender hereby agree that the prevailing party in any suit, action or proceeding arising out of or relating to this Agreement shall be entitled to reimbursement for reasonable legal fees from the non-prevailing party. The Pledgor and the Lender hereby waive all rights to trial by jury.

[Signature Page Follows]

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

PLEDGOR:

In the Presence of:

NEOPROBE CORPORATION

/s/ William J. Kelly, Jr.
Witness

By: /s/ David C. Bupp
Name: David C. Bupp
Title: President & CEO

In the Presence of:

CARDIOSONIX LTD

/s/ William J. Kelly, Jr.
Witness

By: /s/ David C. Bupp
Name: David C. Bupp
Title: Chairman

In the Presence of:

CIRA BIOSCIENCES INC.

/s/ William J. Kelly, Jr.
Witness

By: /s/ David C. Bupp
Name: David C. Bupp
Title: Chairman

LENDER:

In the Presence of:

PLATINUM-MONTAUR LIFE SCIENCES, LLC

/s/ Stuart Axelrod
Witness

By: /s/ Michael Goldberg
Name: Michael Goldberg
Title: Portfolio Manager

Exhibit 10.10

NEOPROBE CORPORATION

AMENDMENT TO CONVERTIBLE NOTE PURCHASE AGREEMENT

This Amendment ("Amendment") is made as of December 26, 2007, to the 10% Convertible Note Purchase Agreement, dated June 29, 2007 (the "Agreement"), between NEOPROBE CORPORATION (the "Company"), incorporated under the laws of the State of Delaware, with its principal office at 425 Metro Place North, Suite 300, Dublin, OH 43017 and David C. Bupp, residing at 9095 Moors Place North, Dublin, Ohio 43017, Cynthia B. Gochoco, residing at 1550 Chapel Drive, York, Pennsylvania 17404, and Walter H. Bupp, residing at 2038 Wyntre Brook Drive, York, Pennsylvania 17403, as joint tenants with right of survivorship (each a "Purchaser," and collectively the "Purchasers"). Capitalized terms not otherwise defined herein shall have the respective meanings defined in the Agreement.

WHEREAS, in connection with the Company's obtaining financing from the sale to certain investors (the "Investors") of $7,000,000 in aggregate principal amount of the Company's 10% Series A Convertible Senior Secured Promissory Notes, due December 26, 2011 (the "Series A Notes") and $3,000,000 in aggregate principal amount of the Company's 10% Series B Convertible Senior Secured Promissory Notes, due December 26, 2011 (together with the Series A Notes, the "Investor Notes"), and 3,000 shares of the Company's 8% Series A Convertible Preferred Stock (the "Preferred Stock"), the Investors have requested that the term of the 10% Convertible Note, due July 8, 2008, in the principal amount of $1,000,000 (the "Note") issued to the Purchasers be extended until December 31, 2011; and

WHEREAS, in consideration for the Purchasers' agreement to the extension of the term of the Note, the Company has agreed to provide security for the obligations evidenced by the amended Note, and to issue to the Purchasers additional warrants to purchase shares of Common Stock of the Company;

NOW THEREFORE, in consideration of the foregoing, the mutual promises of the Company and the Purchasers set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Purchasers agree as follows:

1. Amended Note. Simultaneously with the closing of the issuance and sale of the Series A Notes to the Investors, the Company will execute, issue and deliver to the Purchasers an amended Note (the "Amended Note") in the form attached hereto as Exhibit A in exchange for the original Note, which the Purchasers agree to promptly surrender to the Company for cancellation. Upon the issuance of the Amended Note, the Company shall have no further obligations under the original Note.

2. Security Agreement. Simultaneously with the execution, issuance and delivery to the Purchasers of the Amended Note, the Company will execute and deliver to the Purchasers a security agreement in the form attached hereto as Exhibit B (the "Security Agreement").

3. New Warrant. Simultaneously with the execution, issuance and delivery to the

Purchasers of the Amended Note, the Company will execute and deliver to the Purchasers a warrant to purchase 500,000 shares of Common Stock, in the form attached hereto as Exhibit C (the "New Warrant"). The Series V Warrant of the Company to purchase 500,000 shares of Common Stock issued to the Purchasers in 2007 (the "Original Warrant") shall remain issued and outstanding, and the terms thereof are not modified hereby.

4. Intercreditor Agreement. Simultaneously with the execution, issuance and delivery to the Purchasers of the Amended Note, Security Agreement and New Warrant, and subject to the execution and delivery thereof by the Investors, the Purchasers will execute and deliver to the Company and the Investors the Intercreditor Agreement in the form attached hereto as Exhibit D (the "Intercreditor Agreement"). The Purchasers acknowledge and agree that the certain obligations of the Company and certain rights of the Purchasers under the Agreement, the Amended Note, the Security Agreement, the Original Warrant and the New Warrant will be expressly subordinated to the rights (including without limitation the registration rights) and security interest of the Investors pursuant to the terms of the Intercreditor Agreement.

5. Waiver of Antidilution Rights. Purchasers expressly waive any adjustment to the conversion price of the Note and the Amended Note, or to the exercise price of the Original Warrant or the New Warrant, pursuant to the antidilution provisions of such instruments, that might otherwise be required to be made as a result of the issuance of the Investor Notes or the Preferred Stock, any warrants issued to the Investors in connection therewith, or any shares of Common Stock or other securities of the Company issued or issuable on the conversion, exercise or exchange thereof, or as payment of dividends or interest thereon.

6. Entire Agreement. Except to the extent expressly modified or amended by this Agreement, the Amended Note, the Security Agreement, and the Intercreditor Agreement, the Agreement remains in full force and effect in accordance with its terms. The Agreement, this Amendment, the Amended Note, the Security Agreement, the Intercreditor Agreement, the Original Warrant and the New Warrant constitute the entire agreement among the parties and supersede in all respects any other agreement or understanding among the parties. No party will be liable or bound to any other party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

7. Counterparts. This Agreement may be executed in multiple counterparts, each of which is deemed an original, but all of which together constitute one and the same instrument.

8. Severability. If any one or more of the provisions contained in this Agreement may be invalid, illegal, or unenforceable in any respect, then the validity, legality, or enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

9. Successors and Assigns. This Amendment is binding upon and inures to the benefit of the Company and the Purchasers and their respective heirs, administrators, successors, and assigns; provided, however, that the Company may not transfer its rights under this Agreement to any other person without the prior written consent of Purchasers.

10. Governing Law. This Agreement is governed by and will be construed and enforced in accordance with the law of the State of Ohio, without giving effect to the conflicts of laws principles of any jurisdiction, except to the extent that the Delaware General Corporation Law shall govern.

IN WITNESS WHEREOF, the parties have signed this Amendment as of the date first set forth above.

[SIGNATURE PAGES FOLLOW]

NEOPROBE CORPORATION

By /s/ Brent L. Larson
Brent L. Larson, Vice President of Finance

Signature page to Amendment to Note Purchase Agreement

PURCHASERS

/s/ David C. Bupp
David C. Bupp

/s/ Cynthia B. Gochoco
Cynthia B. Gochoco

/s/ David C. Bupp POA
Walter H. Bupp, by David C. Bupp, his attorney in fact, under power of attorney dated April 22, 2005

Exhibit 10.11

THIS NOTE HAS NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES ADMINISTRATOR OF ANY STATE PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE IS SUBJECT TO THE TERMS OF A NOTE PURCHASE AGREEMENT DATED AS OF JUNE 29, 2007 AND MAY NOT BE TRANSFERRED OR SOLD EXCEPT AS PROVIDED THEREIN AND AS PERMITTED UNDER THE ACT PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

NEOPROBE CORPORATION

AMENDED 10% CONVERTIBLE NOTE, DUE DECEMBER 31, 2011

$1,000,000.00 July 3, 2007
As amended December 26, 2007

FOR VALUE RECEIVED, the undersigned, NEOPROBE CORPORATION (herein called the "**Company**"), a corporation organized and existing under the laws of the State of Delaware hereby promises to pay to David C. Bupp, Cynthia B. Gochoco, and Walter H. Bupp, as joint tenants with right of survivorship, or their registered assigns, the principal sum of $1,000,000.00 on December 31, 2011, with interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance thereof at the rate of 10.0% per annum from the date hereof, payable quarterly in arrears, on the last day of each calendar quarter, commencing with the calendar quarter next succeeding the date hereof, until the principal hereof shall have become due and payable.

Payments of principal of, and interest on this Note are to be made in lawful money of the United States of America at the address of the holder of this Note provided for receipt of notices under the Note Purchase Agreement referred to below or, at the option of the holder of this Note, in immediately available funds at any bank or other financial institution capable of receiving immediately available funds designated by the holder of this Note.

This Note has been issued pursuant, and is subject, to an 10% Convertible Note Purchase Agreement, dated as of June 29, 2007, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof, between the Company and the Purchaser named therein (the "Note Purchase Agreement") and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (a) to have agreed to all of the terms of the Note Purchase Agreement and other agreements referenced therein, and (b) to have made the representations and warranties set forth in Sections 4.2 through 4.8 of the Note Purchase Agreement.

This Note is subordinate in right of payment and security to the rights of Platinum-Montaur Life Sciences, LLC pursuant to the Intercreditor Agreement, dated as of December 26, 2007, among the holders hereof, the Company and Platinum-Montaur Life Sciences, LLC.

This Note may be prepaid at any time prior to maturity in whole or in part without premium or penalty, upon ten (10) days prior written notice to the Holder.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price and with the effect provided in the Note Purchase Agreement.

This Note is convertible into shares of Common Stock of the Company, on the terms and subject to the conditions set forth in the Note Purchase Agreement.

This Note will be construed and enforced in accordance with and governed by the laws of the State of Ohio, without reference to principles of conflicts of law. Any controversy, claim or dispute arising out of or relating to this Note or the breach, termination, enforceability or validity of this Note, including the determination of the scope or applicability of the agreement to arbitrate set forth in this paragraph shall be determined exclusively by binding arbitration in the City of Columbus, Ohio. The arbitration shall be governed by the rules and procedures of the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules and its Supplementary Procedures for Large, Complex Disputes; provided that persons eligible to be selected as arbitrators shall be limited to attorneys-at-law each of whom (a) is on the AAA's Large, Complex Case Panel or a Center for Public Resources ("CPR") Panel of Distinguished Neutrals, or has professional credentials comparable to those of the attorneys listed on such AAA and CPR Panels, and (b) has actively practiced law (in private or corporate practice or as a member of the judiciary) for at least 15 years in the State of Ohio concentrating in either general commercial litigation or general corporate and commercial matters. Any arbitration proceeding shall be before one arbitrator mutually agreed to by the parties to such proceeding (who shall have the credentials set forth above) or, if the parties are unable to agree to the arbitrator within 15 business days of the initiation of the arbitration proceedings, then by the AAA. No provision of, nor the exercise of any rights under, this paragraph shall limit the right of any party to request and obtain from a court of competent jurisdiction in the State of Ohio, County of Franklin (which shall have exclusive jurisdiction for purposes of this paragraph) before, during or after the pendency of any arbitration, provisional or ancillary remedies and relief including injunctive or mandatory relief or the appointment of a receiver. The institution and maintenance of an action or judicial proceeding for, or pursuit of, provisional or ancillary remedies shall not constitute a waiver of the right of any party, even if it is the plaintiff, to submit the dispute to arbitration if such party would otherwise have such right. Each of the parties hereby submits unconditionally to the exclusive jurisdiction of the state and federal courts located in the County of Franklin, State of Ohio for purposes of this provision, waives objection to the venue of any proceeding in any such court or that any such court provides an inconvenient forum and consents to the service of process upon it in connection with any proceeding instituted under this paragraph in the same manner as provided for the giving of notice under the Note Purchase Agreement. Judgment upon the award rendered may be entered in any court having jurisdiction. The parties hereby expressly consent to the nonexclusive jurisdiction of the state and federal courts situated in the County of Franklin, State of Ohio for this purpose and waive objection to the venue of any proceeding in such court or that such court provides an inconvenient forum. The arbitrator shall have the power to award recovery of all costs (including attorneys' fees, administrative fees, arbitrators' fees and court costs) to the prevailing party. The arbitrator shall not have power, by award or otherwise, to vary any of the provisions of this Note.

NEOPROBE CORPORATION

By /s/ Brent L. Larson
Brent L. Larson, Vice President of Finance

Exhibit 10.12

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "**Security Agreement**") is made as of December 26, 2007 by and between Neoprobe Corporation, a Delaware corporation qualified to do business in the State of Ohio, with principal offices located at 425 Metro Place North, Dublin, Ohio 43017 ("**Debtor**"), and David C. Bupp, residing at 9095 Moors Place North, Dublin, Ohio 43017, Cynthia B. Gochoco, residing at 1550 Chapel Drive, York, Pennsylvania 17404, and Walter H. Bupp, residing at 2038 Wyntre Brook Drive, York, Pennsylvania 17403, as joint tenants with right of survivorship (each a "**Secured Party,**" and collectively the "**Secured Parties**").

This Security Agreement is entered into with respect to an Amended 10% Convertible Note, Due December 27, 2011, in the principal amount of $1,000,000 (the "**Amended Note**") delivered to Secured Parties by Debtor pursuant to a 10% Convertible Note Purchase Agreement, dated June 29, 2007, as amended as of December 26, 2007, and as the same may be further amended, modified or supplemented from time to time in accordance with the terms thereof (the "**Note Purchase Agreement**") dated the same date as this Security Agreement.

The obligations of the Debtor and the rights of the Secured Parties hereunder are expressly subordinate to certain indebtedness of the Debtor and the security interest securing such indebtedness pursuant to the terms of the Intercreditor Agreement, dated December 26, 2007, among the Secured Parties and Platinum-Montaur Life Sciences, LLC (the "**Intercreditor Agreement**"), and in the event of any conflict between the terms of this Security Agreement and the Intercreditor Agreement, the terms of the Intercreditor Agreement shall prevail.

Capitalized terms not otherwise defined herein shall have the meaning(s) ascribed to them in the Purchase Agreement.

The Secured Parties and Debtor agree as follows:

Section 1. Definitions.

1.1 "*Collateral*" means all of Debtor's chattel paper, deposit accounts, documents, Equipment, General Intangibles, goods, instruments, Intellectual Property, Inventory, letters of credit, and all sums on deposit in any account,; together with (a) all substitutions and replacements for and products of any of the foregoing; (b) in the case of all goods, all accessions; (c) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any goods; (d) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods; (e) all collateral subject to any lien granted by Debtor to the Secured Parties; (f) any money, or other assets of Debtor that now or hereafter come into the possession, custody, or control of the Secured Parties; (g) all books, records, ledger cards and other property pertaining to any of the foregoing, and any equipment on which any such items are stored or maintained; and (h) proceeds of any and all of the foregoing; ;

provided, however, that the Collateral shall not include any accounts of Debtor, as such term is defined in the UCC.

1.2 "*Equipment*" means all of Debtor's equipment, as such term is defined in the UCC, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, shop equipment, office and recordkeeping equipment, parts, tools, supplies, and including specifically (without limitation) the goods described in any equipment schedule or list herewith or hereafter furnished to a Secured Parties by Debtor, and whether located on real estate owned or leased by Debtor or otherwise.

1.3 "*General Intangibles*" means all of Debtor's general intangibles, as such term is defined in the UCC, whether now owned or hereafter acquired, including (without limitation) all Intellectual Property, trade secrets, customer or supplier lists and contracts, manuals, operating instructions, permits, franchises, the right to use Debtor's name, and the goodwill of Debtor's business.

1.4 "*Intellectual Property*" means (a) trademarks, trademark registrations, trade names and trademark applications for any of the foregoing in the United States Patent and Trademark Office or in any other office or with any other official anywhere in the world or which are used in the United States or any state, territory or possession thereof, or in any other place, nation or jurisdiction anywhere in the world, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, and trademark registrations, trade names, service marks, service mark registration and applications, together with the items described in clauses (i) through (iv in this subparagraph (a), are sometimes hereinafter individually and/or collectively referred to as the "**Trademarks**"); (b) license agreements with any other party in connection with any Trademarks or such other party's trademarks or trademark applications, whether Debtor is a licensor or licensee under any such license agreement, and the right to prepare for sale, sell and advertise for sale, all of the inventory now or hereafter owned by Debtor and now or hereafter covered by such license agreements (all of the foregoing being hereinafter referred to collectively as the "**Licenses**"); (c) the goodwill of Debtor's business connected with and symbolized by the Trademarks, and (d) patents and patent applications in the United States Patent and Trademark Office or in any other office or with any other official anywhere in the world or which are used in the United States or any state, territory or possession thereof, or in any other place, nation or jurisdiction anywhere in the world, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered

into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world.

1.5 "*Inventory*" means all raw materials, work in process, finished goods and materials and supplies of any kind, nature or description which are or might be used or consumed in the business of Debtor or used in connection with the manufacturing, packing, shipping, advertising, selling or finishing of such goods, merchandise and other personal property, and all goods, merchandise and other personal property whenever located, to be furnished by the Debtor under any contract or contract for service or held for sale or lease, whether now owned or hereafter acquired, and all documents of title or other documents representing the foregoing.

1.6 "*Obligations.*" This Security Agreement secures the following:

(a) Debtor's obligations under the Amended Note and this Security Agreement;

(b) the repayment of (i) any amounts that a Secured Parties may advance or spend for the maintenance or preservation of the Collateral, and (ii) any other expenditures that a Secured Parties may make under the provisions of this Security Agreement or for the benefit of Debtor;

(c) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; and

(d) any of the foregoing that arises after the filing of a petition by or against Debtor under the Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Bankruptcy Code §362 or otherwise.

1.7 "*Permitted Liens*" means:

(a) liens on Accounts (as defined in the UCC) securing obligations of Debtor to Banks;

(b) liens existing on the date hereof and listed on Schedule 1.5;

(c) liens for taxes, assessments or charges imposed on Debtor or any of its property by any governmental authority not yet due or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of Debtor, in accordance with GAAP or liens for such taxes, assessments or charges which are otherwise permitted under this paragraph;

(d) statutory liens of carriers, warehousemen, mechanics, materialmen, repairmen, or other like liens arising in the ordinary course of business, which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings;

(e) pledges or deposits required in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) liens incurred on deposits to secure the performance of tenders, bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and return-of-money bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) liens in favor of customs and revenue authorities arising as a matter of law and to secure payment of customs duties in connection with the importation of goods

(h) liens securing obligations of Debtor (i) in respect of goods purchased for resale in the ordinary course of business as long as no UCC financing statements are filed concerning such goods or (ii) under true consignment arrangements in which Debtor is the consignee, pursuant to which UCC financing statements may be filed;

(i) liens of landlords or mortgagees of landlords on fixtures and movable property located on premises leased in the ordinary course of business, provided that the rental payments secured thereby are not yet due;

(j) purchase money liens for Equipment and Inventory in an amount not to exceed $100,000 in the aggregate at any one time; and

(k) liens to which the security interest granted hereby are made expressly subordinate pursuant to the Intercreditor Agreement.

1.8 "*UCC*" Any term used in the Uniform Commercial Code as enacted in the State of Ohio or the State where the Collateral is located and not defined in this Security Agreement has the meaning (as amended from time to time) given to the term in the UCC.

Section 2. Grant of Security Interest.

2.1 *Security Interest.* Debtor grants a security interest in the Collateral to each Secured Parties, to secure the payment or performance of the Obligations.

2.2 *Debtor Remains Liable.* Anything herein to the contrary notwithstanding, (a) Debtor shall remain liable under any contracts, agreements and other documents included in the Collateral, to the extent set forth therein, to perform all of its

duties and obligations thereunder to the same extent as if this Security Agreement had not been executed, (b) the exercise by a Secured Parties of any of the rights hereunder shall not release Debtor from any of its duties or obligations under such contracts, agreements and other documents included in the Collateral, and (c) a Secured Parties shall not have any obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Security Agreement, nor shall the Secured Parties be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

Section 3. Perfection of Security Interest.

3.1 *Filing of Financing Statement.*

(a) Debtor shall execute and deliver to the Secured Parties concurrently with the execution of this Security Agreement, and Debtor hereby authorizes the Secured Parties to file (with or without Debtor's signature) at any time and from time to time thereafter, all financing statements, continuation financing statements, termination statements, security agreements, assignments, warehouse receipts, documents of title, affidavits, reports, notices, schedules of account, letters of authority and all other documents and instruments, in form satisfactory to the Secured Parties (the "**Financing Statements**"), and take all other action, as each Secured Parties may request, to perfect and continue perfected, maintain the priority of or provide notice of each Secured Parties' security interest in the Collateral and to accomplish the purposes of this Security Agreement.

(b) The Secured Parties' security interest in the Collateral is prior to all other security interests, excepting only the Permitted Liens.

3.2 *Possession*.

(a) Debtor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement.

(b) Where Collateral is in the possession of a third party, Debtor will join with each Secured Parties in notifying the third party of each Secured Parties' security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of each Secured Parties.

Section 4. Post-Closing Covenants and Rights Concerning the Collateral.

4.1 *Inspection.* A Secured Parties may inspect any Collateral, at any time upon reasonable notice.

4.2 *Personal Property.* The Collateral shall remain personal property at all times. Debtor shall not affix any of the Collateral to any real property in any manner which would change its nature from that of personal property to real property or to a fixture.

4.3 *Secured Parties's Collection Rights.* After the occurrence of, and during the continuance of, an Event of Default, a Secured Parties shall have the right at any time to enforce Debtor's rights against Debtor's account debtors and obligors to the extent that such is included in the definition of Collateral.

4.4 *Limitations on Obligations Concerning Maintenance of Collateral.*

(a) Debtor has the risk of loss of the Collateral.

(b) A Secured Parties shall have no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.

4.5 *No Disposition of Collateral.* Each Secured Parties does not authorize, and Debtor agrees not to:

(a) make any sales or leases of any of the Collateral other than the sale of Inventory or other Collateral in the normal course of Debtor's business;

(b) license any of the Collateral, except that Debtor may grant licenses in its Intellectual Property in the ordinary course of its business; or

(c) grant any other security interest in any of the Collateral, except for Permitted Liens.

Section 5. Debtor's Representations and Warranties.

Debtor warrants and represents that:

5.1 *Title to and Transfer of Collateral.* Debtor has rights in or power to transfer the Collateral and Debtor is, and will continue to be, the sole and complete owner of the Collateral (or, in the case of after-acquired Collateral, at the time Debtor acquires rights in such Collateral, will be the sole and complete owner thereof), free from any lien except for Permitted Liens, or as created by this Security Agreement.

5.2 *Location, State of Incorporation, and Name of Debtor.*

(a) Debtor's chief executive office is located at 425 Metro Place North, Suite 300, Dublin, Ohio 43017 in the State of Ohio, county of Franklin, and all Collateral is located at such address or at the addresses set forth on Schedule 5.2 ;

(b) Debtor's state of incorporation is the State of Delaware; and

(c) Debtor's exact legal name is as set forth in the first paragraph of this Security Agreement.

(d) Debtor has not, at any time in the past two years: (i) been known as or used any other corporate, trade or fictitious name; (ii) changed its name; (iii) been the surviving or resulting corporation in a merger or consolidation; or (iv) acquired through asset purchase or otherwise any business of any person with a purchase price in excess of $1 million, except for the acquisition of Biosonix Ltd.

5.3 Enforceability of Security Interest.

(a) This Security Agreement creates a security interest which is enforceable against the Collateral in which Debtor now has rights and will create a security interest which is enforceable against the Collateral in which Debtor hereafter acquires rights at the time Debtor acquires any such rights; and

(b) Upon the filing of Financing Statements in the appropriate filing offices in each jurisdiction identified in Schedule 5.2 where Collateral is located and except for Permitted Liens, each Secured Parties has a perfected and first priority security interest in the Collateral in which Debtor now has rights, and will have a perfected and first priority security interest in the Collateral in which Debtor hereafter acquires rights at the time Debtor acquires any such rights, in each case securing the payment and performance of the Obligations and in each case in which a security interest can be filed by the filing of a Financing Statement.

5.4 *Other Financing Statements*. Other than (a) Financing Statements disclosed to each Secured Parties prior to the date hereof and (b) Financing Statements in favor of each Secured Parties on behalf of itself, no effective Financing Statement naming Debtor as debtor, assignor, grantor, mortgagor, pledgor or the like and covering all or any part of the Collateral is on file in any filing or recording office in any jurisdiction.

Section 6. Debtor's Covenants.

Until the Obligations are paid in full, Debtor agrees that it will preserve its corporate existence, and without the prior written consent of each Secured Parties (which shall not be unreasonably withheld):

6.1 *Change State of Incorporation.* Will not change the state of its incorporation;

6.2 *Change Corporate Name.* Will not change its corporate name; and

6.3 *Change Chief Executive Office.* Will not change the location of its chief executive office or the place where any material portion of the Collateral is located.

6.4 *Defense of Collateral.* Will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or right or interest in, or the Secured Parties's right or interest in, the Collateral consistent with customary and prudent business practices.

6.5 *Preservation of Collateral.* Will do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect the value of the Collateral.

6.6 *Compliance with Laws, Etc*. Will comply with all laws, regulations and ordinances, and all policies of insurance, relating in a material way to the possession, operation, maintenance and control of the Collateral if the noncompliance therewith could reasonably result in a material adverse effect on Debtor.

6.7 *Maintenance of Records*. Will keep separate, accurate and complete books with respect to the Collateral.

6.8 *Disposition of Collateral.* Will not surrender or lose possession of (other than to the Secured Parties), sell, lease, rent, or otherwise dispose of or transfer any of the Collateral or any right or interest therein, except in the ordinary course of business.

6.9 *Liens*. Will keep the Collateral free of all liens except Permitted Liens and liens created pursuant to this Security Agreement.

6.10 *Expenses*. Will pay all validly assessed or incurred expenses of protecting, storing, warehousing, insuring, handling and shipping the Collateral.

6.11 *Inventory*. Following the occurrence and during the continuance of any Event of Default, will: (a) if requested by a Secured Parties, prepare and deliver to each Secured Parties a report of all Inventory, in form and substance satisfactory to each Secured Parties; (b) (i) other than with respect to any Inventory in the possession of a subcontractor of Debtor, not store any material portion of Inventory with a bailee, warehouseman or similar person or on premises leased to Debtor without prior notice to each Secured Parties and (ii), except with respect to demonstration models, Inventory transferred as upgrades to existing customers and Inventory shipped to customers awaiting customer acceptance, in each instance in the ordinary course of Debtor's business, not dispose of any material portion of Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on

approval, consignment or similar basis, nor acquire any material portion of Inventory from any person on any such basis without in each case giving the Secured Parties prior written notice thereof.

6.12 *Notices, Reports and Information.* Following the occurrence and during the continuance of any Event of Default, will (a) notify each Secured Parties of any material claim made or asserted against the Collateral by any person and of any change in the basic nature of the Collateral or other event which could materially adversely affect the value of the Collateral or a Secured Parties's lien thereon (other than commodity fluctuations affecting Debtor's industry generally); (b) furnish to each Secured Parties such statements and schedules further identifying and describing the Collateral and such other reports and other information in connection with the Collateral as a Secured Parties may reasonably request, all in reasonable detail; and (c) upon request of a Secured Parties make such demands and requests for information and reports as Debtor is entitled to make in respect of the Collateral.

6.13 *Insurance.*

(a) Shall carry and maintain in full force and effect, at the expense of Debtor and with financially sound and reputable insurance companies, insurance with respect to the Inventory in such amounts, with such deductibles and covering such risks as is customarily carried by persons engaged in the same or similar business. Following the occurrence and during the continuance of any Event of Default, and upon the request of a Secured Parties, Debtor shall furnish each Secured Parties with full information as to such insurance carried by it and, if so requested, copies of all such insurance policies.

(b) Following the occurrence and during the continuance of any Event of Default, if any material amount of Inventory shall be materially damaged or destroyed, in whole or in part, by fire or other casualty, Debtor shall give prompt notice thereof to each Secured Parties. No settlement on account of any loss on any such Inventory covered by insurance shall be made for less than net book value without the consent of each Secured Parties, which shall not be unreasonably withheld. Any payment exceeding $25,000 at any time made to Debtor by any insurer with respect to a casualty relating to all or any part of the Collateral shall be, at the Debtor's option, (i) paid equally to the Secured Parties for application to the Obligations, or (ii) reinvested in the production of Inventory constituting Collateral hereunder, in each case, within 90 days of Debtor's receipt of such insurance payment (it being understood that Debtor may elect to make payment to each Secured Parties under the preceding clause (i), reinvest the applicable insurance proceeds under the preceding clause (ii), or a combination of both).

Section 7. Costs and Expenses. Debtor agrees to pay or reimburse on demand**:**

7.1 *Out of Pocket Expenses.* Following the occurrence and during the continuance of any Event of Default, the reasonable out-of-pocket costs and expenses of each Secured Parties (including reasonable attorney fees and expenses and search, recording and filing fees and expenses, provided, that the Secured Parties shall deliver reasonably detailed statements for such fees and expenses); and in addition, Debtor will pay any such costs and expenses incurred by each Secured Parties in connection with any amendments, modifications or waivers of the terms of this Security Agreement requested by Debtor;

7.2 *Title Appraisal, etc.* Following the occurrence and during the continuance of any Event of Default, all title, appraisal (including the allocated costs of internal appraisal services, provided, that the Secured Parties requesting same shall deliver reasonably detailed statements for such fees and expenses), survey, audit, consulting and similar fees, costs and expenses incurred or sustained by a Secured Parties in connection with this Security Agreement or the Collateral; and

7.3 *Search Fees, etc.* Following the occurrence and during the continuance of any Event of Default, all costs and expenses of each Secured Parties, (including reasonable attorney fees and expenses and search, recording and filing fees and expenses, provided, that the Secured Parties shall deliver reasonably detailed statements for such fees and expenses), in connection with the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Security Agreement, any out-of-court workout or other refinancing or restructuring or in any bankruptcy case, and the protection, sale or collection of, or other realization upon, any of the Collateral, including all expenses of taking, collecting, holding, sorting, handling, preparing for sale, selling, or the like, and other such expenses of sales and collections of Collateral, and any and all losses, costs and expenses sustained by a Secured Parties as a result of any failure by Debtor to perform or observe its obligations contained herein.

Section 8. Collateral Agent. Each Secured Party hereby appoints David C. Bupp as the Collateral Agent under this Security Agreement, the Amended Note, and the Intercreditor Agreement (together, the "Security Documents") and each Secured Party authorizes the Collateral Agent to take such action as agent on its behalf and to exercise such powers under the Security Documents as are granted to the Secured Parties under such agreements and to exercise such powers as are reasonably incidental thereto. Without limiting the foregoing, each Secured Party hereby authorizes the Collateral Agent to execute and deliver, and to perform its obligations under, each of the Security Documents, to exercise all rights, powers and remedies that the Secured Parties may have under the Security Documents and to act as agent for the Secured Parties thereunder. The Collateral Agent shall not be liable to any Secured Party for any action taken or omitted to be taken by the Collateral Agent under or in connection with the Security Documents, except

for the Collateral Agent's own gross negligence or willful misconduct. Each Secured Party agrees to indemnify the Collateral Agent and each of the Collateral Agent's affiliates, and each of their respective directors, officers, employees, agents and advisors, from any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements (including fees, expenses and disbursements of financial and legal advisors) of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against, the Collateral Agent or any of the Collateral Agent's affiliates, directors, officers, employees, agents and advisors in any way relating to or arising out of the Security Documents or any action taken or omitted by the Collateral Agent under the Security Documents; *provided, however*, that no Purchaser shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Collateral Agent's gross negligence or willful misconduct.

Section 9. Remedies Upon Default.

9.1 *General.* Upon any Event of Default, the Secured Parties may jointly pursue any remedy available at law (including those available under the provisions of the UCC), or in equity to collect, enforce or satisfy any Obligations then owing, whether by acceleration or otherwise.

9.2 *Specific Remedies*. Following the occurrence and during the continuance of any Event of Default, the Secured Parties shall have, in addition to all other rights and remedies granted to it in this Security Agreement, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, Debtor agrees that a Secured Parties may: (a) peaceably and without notice enter any premises of Debtor, take possession of any Collateral, remove or dispose of all or part of the Collateral on any premises of Debtor or elsewhere, and otherwise collect, receive, appropriate and realize upon all or any part of the Collateral, and demand, give receipt for, settle, renew, extend, exchange, compromise, adjust, or sue for all or any part of the Collateral, as such Secured Parties may determine; (b) require Debtor to assemble all or any part of the Collateral and make it available to such Secured Parties, at any place and time designated by such Secured Parties; (c) secure the appointment of a receiver of the Collateral or any part thereof (to the extent and in the manner provided by applicable law); (d) sell, resell, lease, use, assign, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of Debtor's assets, without charge or liability to such Secured Parties therefor) at public or private sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit or for future delivery without assumption of any credit risk, all as such Secured Parties deems advisable; *provided, however,* that Debtor shall be credited with the net proceeds of sale after application of Section 9.5 only when such proceeds are finally

collected by the Secured Parties. A Secured Parties shall have the right upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption Debtor hereby releases, to the extent permitted by law. Debtor hereby agrees that the sending of notice by ordinary mail, postage prepaid, to the address of Debtor set forth in Section 10.3 of the place and time of any public sale or of the time after which any private sale or other intended disposition is to be made, shall be deemed reasonable notice thereof if such notice is sent 10 days prior to the date of such sale or other disposition or the date on or after which such sale or other disposition may occur, provided that the Secured Parties may provide Debtor shorter notice or no notice, to the extent permitted by the UCC or other applicable law. A Secured Parties shall have no obligation to clean up or otherwise prepare the Collateral for sale. A Secured Parties has no obligation to attempt to satisfy these Obligations by collecting them from any other person liable for them and a Secured Parties may release, modify or waive any Collateral provided by any other person to secure any of the Obligations, all without affecting such Secured Parties's right against Debtor. Debtor waives any right it may have to require a Secured Parties to pursue any third person or any of the Obligations. A Secured Parties may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. A Secured Parties may sell the Collateral without giving any warranty as to the Collateral. A Secured Parties may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If a Secured Parties sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by such Secured Parties, and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, such Secured Parties may resell the Collateral and Debtor shall be credited with the net proceeds of the sales after application of Section 9.5.

9.3 *License Upon Default*. For the purpose of enabling a Secured Parties to exercise its rights and remedies under this Section 9, Debtor grants to each Secured Parties, following the occurrence and during the continuance of any Event of Default, an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to Debtor) to use, license or sublicense any Intellectual Property, to enable each Secured Parties (among other things) to transfer any of the Intellectual Property or tangible property of Debtor that are included in the Collateral.

9.4 *Proceeds Account*. To the extent that any of the Obligations may be contingent, unmatured or unliquidated (including with respect to undrawn amounts under any letters of credit outstanding) at such time as there may exist an Event of Default, a Secured Parties may, at his election, (a) retain the proceeds of any sale, collection, disposition or other realization upon the Collateral (or any portion thereof) in a

special purpose non-interest-bearing restricted deposit account (the "Proceeds Account") created and maintained by such Secured Parties for such purpose (which shall constitute a deposit account included within the Collateral hereunder) until such time as such Secured Parties may elect to apply such proceeds to the Obligations, and Debtor agrees that such retention of such proceeds by such Secured Parties shall not be deemed strict foreclosure with respect thereto; (b) in any manner elected by a Secured Parties, estimate the liquidated amount of any such contingent, unmatured or unliquidated claims and apply the proceeds of the Collateral against such amount; or (c) otherwise proceed in any manner permitted by applicable law. Debtor agrees that the Proceeds Account shall be a blocked account and that upon the irrevocable deposit of funds into the Proceeds Account, Debtor shall not have any right of withdrawal with respect to such funds. Accordingly, Debtor irrevocably waives until the termination of this Security Agreement in accordance with its terms the right to make any withdrawal from the Proceeds Account and the right to instruct a Secured Parties to honor drafts against the Proceeds Account.

9.5 *Application of Proceeds*. Subject to Section 9.4, cash proceeds actually received from the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein, shall be payable to each Secured Parties on a pro-rata basis against all or any part of the Obligations in the following order: (a) first, to any fees due in respect of the Obligations; (b) next, to any interest due in respect of the Obligations; (c) next, to any principal due in respect of the Obligations; and (d) last, to any other Obligations. Any surplus thereof which exists after payment and performance in full of the Obligations shall be promptly paid over to Debtor or otherwise disposed of in accordance with the UCC or other applicable law. Debtor shall remain liable to each Secured Parties for any deficiency which exists after any sale or other disposition or collection of Collateral.

9.6 *Certain Waivers*. Debtor waives, to the fullest extent permitted by law, (a) any right of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling of the Collateral or other collateral or security for the Obligations; (b) any right to require a Secured Parties (i) to proceed against any person, (ii) to exhaust any other collateral or security for any of the Obligations, (iii) to pursue any remedy in a Secured Parties's power, or (iv) to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral.

Section 10. Miscellaneous.

10.1 *Assignment.*

(a) This Security Agreement shall bind and shall inure to the benefit of the permitted heirs and assigns of the Secured Parties and shall bind all persons who become bound as a debtor to this Security Agreement.

(b) No Secured Parties consents to any assignment by Debtor except as expressly provided in this Security Agreement.

(c) Each Secured Parties may assign and transfer its rights and interests under this Security Agreement only pursuant to a permitted assignment or transfer of the Note secured hereby. If an assignment is made, Debtor shall render performance under this Security Agreement to the assignee.

10.2 *Severability.* Should any provision of this Security Agreement be found to be void, invalid or unenforceable by a court or panel of arbitrators of competent jurisdiction, that finding shall only affect the provisions found to be void, invalid or unenforceable and shall not affect the remaining provisions of this Security Agreement.

10.3 *Notices.* Any notice or other communication required or permitted to be given or made under this Security Agreement (a) shall be in writing, and (b) may be delivered by hand delivery, First Class U.S. Mail (regular, certified, registered or expedited delivery), FedEx, UPS Overnight, Airborne or other nationally recognized delivery service, or fax. The addresses for notice for each party and their counsel are set forth in the Purchase Agreement. All notices shall be served upon the parties at said addresses or such other addresses as they may hereafter direct in writing.

10.4 *Headings.* Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement and shall not be used in construing it.

10.5 *Governing Law; Jurisdiction.* This Security Agreement is being executed and delivered and is intended to be performed in the State of Ohio and shall be construed and enforced in accordance with the laws of the State of Ohio, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Ohio or any other jurisdictions) that would cause the application of the laws of any jurisdiction other than the State of Ohio, except to the extent that the UCC provides for the application of the law of Delaware. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under the Purchase Agreement and

agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

10.6 *Disputes.* Any controversy, claim or dispute arising out of or relating to this Security Agreement or the breach, termination, enforceability or validity of this Security Agreement, including the determination of the scope or applicability of the agreement to arbitrate set forth in this Section 10.6 shall be determined exclusively by binding arbitration in the City of Columbus, Ohio. The arbitration shall be governed by the rules and procedures of the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules and its Supplementary Procedures for Large, Complex Disputes; provided that persons eligible to be selected as arbitrators shall be limited to attorneys-at-law each of whom (a) is on the AAA's Large, Complex Case Panel or a Center for Public Resources ("CPR") Panel of Distinguished Neutrals, or has professional credentials comparable to those of the attorneys listed on such AAA and CPR Panels, and (b) has actively practiced law (in private or corporate practice or as a member of the judiciary) for at least 15 years in the State of Ohio concentrating in either general commercial litigation or general corporate and commercial matters. Any arbitration proceeding shall be before one arbitrator mutually agreed to by the parties to such proceeding (who shall have the credentials set forth above) or, if the parties are unable to agree to the arbitrator within 15 business days of the initiation of the arbitration proceedings, then by the AAA. No provision of, nor the exercise of any rights under, this Section 10.6 shall limit the right of any party to request and obtain from a court of competent jurisdiction in the State of Ohio, County of Franklin (which shall have exclusive jurisdiction for purposes of this Section 10.6) before, during or after the pendency of any arbitration, provisional or ancillary remedies and relief including injunctive or mandatory relief or the appointment of a receiver. The institution and maintenance of an action or judicial proceeding for, or pursuit of, provisional or ancillary remedies shall not constitute a waiver of the right of any party, even if it is the plaintiff, to submit the dispute to arbitration if such party would otherwise have such right. Each of the parties hereby submits unconditionally to the exclusive jurisdiction of the state and federal courts located in the County of Franklin, State of Ohio for purposes of this provision, waives objection to the venue of any proceeding in any such court or that any such court provides an inconvenient forum and consents to the service of process upon it in connection with any proceeding instituted under this Section 9.6 in the same manner as provided for the giving of notice under this Security Agreement. Judgment upon the award rendered may be entered in any court having jurisdiction. The parties hereby expressly consent to the nonexclusive jurisdiction of the state and federal courts situated in the County of Franklin, State of Ohio for this purpose and waive objection to the venue of any proceeding in such court or that such court provides an inconvenient forum. The arbitrator shall have the power to award recovery of all costs (including attorneys' fees, administrative fees, arbitrators' fees and court costs) to the prevailing party. The

arbitrator shall not have power, by award or otherwise, to vary any of the provisions of this Security Agreement.

10.7 *Rules of Construction.*

(a) No reference to "proceeds" in this Security Agreement authorizes any sale, transfer, or other disposition of the Collateral by Debtor.

(b) "Includes" and "including" are not limiting.

(c) "Or" is not exclusive.

(d) "All" includes "any" and "any" includes "all."

10.8 *Integration and Modifications*.

(a) This Security Agreement, together with each Note and each Purchase Agreement, constitute the entire agreement of Debtor and each Secured Parties concerning the subject matter hereof.

(b) Any modifications to this Security Agreement must be made in writing and signed by the party adversely affected.

10.9 *Waiver.* Any party to this Security Agreement may waive the enforcement of any provision to the extent the provision is for its benefit.

10.10 *Further Assurances.* Debtor agrees to execute any further documents, and to take any further actions, reasonably requested by a Secured Parties to evidence or perfect the security interest granted herein, to maintain the first priority of the security interest or to effectuate the rights granted to a Secured Parties herein.

The parties have signed this Security Agreement as of the day and year first above written at Franklin County, Ohio.

[Signature pages follow]

DEBTOR

NEOPROBE CORPORATION

By: /s/ Brent L. Larson
Name: Brent L. Larson
Its: Vice President-Finance

Signature Page to Security Agreement

SECURED PARTIES

/s/ David C. Bupp
David C. Bupp

/s/ Cynthia B. Gochoco
Cynthia B. Gochoco

David C. Bupp POA
Walter H. Bupp, by David C. Bupp, his attorney in fact, under power of attorney dated April 22, 2005

Signature Page to Security Agreement

Exhibit 10.13

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, ASSIGNED, TRANSFERRED OR OTHERWISE DISPOSED OF, UNLESS REGISTERED PURSUANT TO THE PROVISIONS OF THE SECURITIES ACT OR AN OPINION OF COUNSEL IS OBTAINED STATING THAT SUCH DISPOSITION IS IN COMPLIANCE WITH AN AVAILABLE EXEMPTION FROM SUCH REGISTRATION.

SERIES WV07
NO. 007

WARRANT TO PURCHASE
500,000 SHARES OF COMMON STOCK

WARRANT TO PURCHASE
COMMON STOCK
OF
NEOPROBE CORPORATION

This certifies that, for value received, David C. Bupp, Cynthia B. Gochoco, and Walter H. Bupp, as joint tenants with right of survivorship, or their registered permitted assigns (collectively, the "**Holder**"), is entitled to purchase from NEOPROBE CORPORATION, (the "**Company**"), a corporation organized and existing under the laws of the State of Delaware, subject to the terms and conditions set forth below, at any time on before 5:00 P.M., Eastern time, on the Expiration Date (as defined below), the number of fully paid and nonassessable shares of common stock, $0.001 par value, of the Company ("**Common Stock**") stated above at the Purchase Price (as defined below). The Purchase Price and the number of shares purchasable hereunder are subject to adjustment as provided below. This Warrant is issued pursuant to the terms of a 10% Convertible Note Purchase Agreement dated as of June 29, 2007, as amended by an amendment dated December 26, 2007, as the same may be further amended, modified or supplemented pursuant to the terms thereof (the "**Purchase Agreement**"), and is subject to the terms thereof.

ARTICLE I

DEFINITIONS

Section 1.1. (a) The term "Business Day" as used in this Warrant means a day other than a Saturday, Sunday or other day on which national banking associations whose principal offices are located in the State of Ohio are authorized by law to remain closed.

(b) The term "Expiration Date" as used in this Warrant means the date of expiration of the sixty (60) month period immediately after the Exercise Date (as defined in Section 2.1 hereof) or, if that day is not a Business Day, as defined above, at or before 5:00 P.M. Eastern time on the next following Business Day.

(c) The term "Purchase Price" as used in this Warrant shall mean thirty-two cents ($0.32), as may be adjusted pursuant to the terms of Article III hereof.

(d) The term "Warrant" as used in this Warrant means this Warrant and Warrants of like tenor to purchase up to the amount of Warrant Shares (as defined below), indicated on the first page of the Warrant.

(e) The term "Warrant Shares" as used in this Warrant means the shares of Common Stock issuable upon exercise of the Warrant.

ARTICLE II

DURATION AND EXERCISE OF WARRANT

Section 2.1. This Warrant may be exercised at any time after 9:00 A.M., Eastern time, on December 27, 2007 (the "**Exercise Date**") and before 5:00 P.M., Eastern time, on the Expiration Date.

Section 2.2. (a) The Holder may exercise this Warrant in whole or in part (but not in denominations of fewer than 5,000 Warrant Shares except upon an exercise of the Warrant with respect to the remaining balance of Warrant Shares purchasable hereunder at the time of exercise) by surrender of this Warrant, with the Purchase Form (attached hereto) duly executed, to the Company at its corporate office, together with the applicable Purchase Price of each Warrant Share being purchased in lawful money of the United States, or by certified check or official bank check payable in United States dollars to the order of the Company, subject to compliance with all the other conditions set forth in this Warrant.

(b) Upon receipt of this Warrant with the Purchase Form duly executed and accompanied by payment of the aggregate Purchase Price for the shares of Common Stock for which this Warrant is being exercised, the Company shall cause to be issued certificates for the total number of whole shares (as provided in Section 3.2) of Common Stock for which this Warrant is being exercised in such denominations as the Holder may request, each registered in the name of the Holder or such other name as may be designated by the Holder, and thereafter the Company will promptly deliver, at its sole cost and expense, those certificates to the Holder, together with any other securities or property to which the Holder is entitled upon such exercise.

(c) If the Holder exercises this Warrant with respect to fewer than all the shares of Common Stock that may be purchased by exercise of this Warrant, the Company will execute a new Warrant for the balance of the shares of Common Stock that may be purchased by exercise of this Warrant and deliver that new Warrant to the Holder.

ARTICLE III

ADJUSTMENT OF PURCHASE PRICE, NUMBER OF SHARES OR NUMBER OF WARRANTS

Section 3.1. The Purchase Price, the number and type of securities issuable on exercise of this Warrant and the number of Warrants outstanding are subject to adjustment from time to time as follows:

(a) If the Company issues any shares of its Common Stock as a dividend on its Common Stock, the Purchase Price then in effect will be proportionately reduced at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive the dividend or other distribution. For example, if the Company distributes one share of Common Stock as a dividend on each outstanding share of Common Stock the Purchase Price would be reduced by 50%. If the Company issues as a dividend on its Common Stock any securities which are convertible into, or exchangeable for, shares of its Common Stock, such dividend will be treated as a dividend of the Common Stock into which the securities may be converted, or for which they may be exchanged, and the Purchase Price shall be proportionately reduced.

(b) If the outstanding shares of Common Stock are subdivided into a greater number of shares of Common Stock, then the Purchase Price will be proportionately reduced at the opening of business on the day following the day when the subdivision becomes effective, and if the outstanding shares of the Common Stock are combined into a smaller number of shares of Common Stock, the Purchase Price will be proportionately increased at the opening of business on the day following the day when the combination becomes effective.

(c) If by reason of a merger, consolidation, reclassification or similar corporate event, the holders of the Common Stock receive securities or assets other than Common Stock, upon exercise of this Warrant after that corporate event, the Holder of this Warrant will be entitled to receive the securities or assets the Holder would have received if the Holder had exercised this Warrant immediately before the first such corporate event and not disposed of the securities or assets received as a result of that or any subsequent corporate event.

(d) Issuance of Common Stock Below Purchase Price.

(i) If the Company shall, at any time and from time to time, after the date hereof, directly or indirectly, sell or issue shares of Common Stock (regardless of whether originally issued or from the Company's treasury), or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock) at a price per share of Common Stock (determined, in the case of rights, options, warrants or convertible or exchangeable securities (collectively, "Securities"), by dividing (x) the total consideration received or receivable by the Company in consideration of the sale or issuance of such Securities, plus the total consideration payable to the Company upon exercise or conversion or exchange thereof, by (y) the total number of shares of Common Stock covered by such Securities) which is lower than the Purchase Price in effect immediately prior to such sale or issuance, then, subject to Section 3.1(d)(ii), the Purchase Price shall be reduced to a price determined by multiplying the Purchase Price in effect immediately prior thereto by a fraction, the numerator of which shall be the sum of the number of shares of Common Stock outstanding immediately prior to such sale or issuance plus the number of shares of Common Stock which the aggregate consideration received (in the case of Securities, determined as provided below) for such sale or issuance would purchase at the Purchase Price in effect immediately prior to such sale or issuance and the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such sale or issuance. Such adjustment shall be made successively whenever such sale or issuance is made. For the purposes of such adjustments, the shares of Common Stock which the holder of any such Securities shall be entitled to subscribe for or purchase shall be deemed to be issued and outstanding as of the date of such sale or issuance of such Securities and the consideration "received" by the Company therefor shall be deemed to be the consideration actually received or receivable by the Company (plus any underwriting discounts or commissions in connection therewith) for such Securities, plus the consideration stated in such Securities to be payable to the Company for the shares of Common Stock covered thereby. If the Company shall sell or issue shares of Common Stock for a consideration consisting, in whole or in part, of property other than cash or its equivalent, then in determining the "price per share of Common Stock" and the "consideration" received or receivable by or payable to the Company for purposes of the first sentence and the immediately preceding sentence of this Section 3.1(d)(i), the fair value of such property shall be determined in good faith by the Board of Directors of the Company. Except as provided below, the determination of whether any adjustment is required under this Section 3.1(d)(i) by reason of the sale or issuance of Securities and the amount of such adjustment, if any, shall be made only at the time of such issuance or sale and not at any subsequent time.

(ii) No adjustment shall be made to the Purchase Price pursuant to Section 3.1(d)(i) in connection with the (A) issuance of shares in any of the transactions described in Section 3.1(a), 3.1(b) , or 3.1(c) hereof; (B) issuance of shares upon exercise of the Warrants; (C) issuance of shares upon conversion of the Notes; (D) issuance of shares of Common Stock upon the exercise of options or the grant of options provided that such options were or are issued pursuant to stock option plans approved by the stockholders of the Company; (E) issuance of shares of Common Stock or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock as part of a unit in connection with an arm's length institutional debt financing, (F) issuance of shares of Common Stock upon the exercise or conversion of rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock outstanding on the Effective Date; (G) issuance of shares of Common Stock or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock in connection with licenses, assignments or other transfers of intellectual property of the Company or

Subsidiaries, or rights therein, in connection with cooperative research and development agreements, strategic alliances, or agreements providing for the manufacturing, distribution or sale of products or services of the Company or Subsidiaries; (H) issuance of shares of Common Stock pursuant to the Common Stock Purchase Agreement, dated December 1, 2006, between the Company and Fusion Capital Fund II, LLC, (I) issuances of notes, preferred stock and warrants pursuant to the Securities Purchase Agreement, dated December 26, 2007, between the Company and the purchasers named therein, and the issuance of Common Stock or other securities on the conversion or exercise thereof, or as payment of interest or dividends thereon, and (J) contributions of Common Stock to the Company's 401(k) Plan.

(iii) In the event of any change in the number of shares of Common Stock deliverable or any change in the consideration payable to the Company upon exercise, conversion or exchange of any Securities (including, without limitation, by operation of the anti-dilution provisions of such Securities other than those anti-dilution provisions contained within the Securities that are substantially similar to the provisions of Section 3.1(a), 3.1(b), or 3.1(c) hereof), any adjustment to the Purchase Price which was made upon the issuance of such Securities, and any subsequent adjustments based thereon, shall be recomputed to reflect such change, except as provided below, no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise, conversion or exchange of any such Securities. The Company shall make all necessary adjustments (including successive adjustments if required) to the Purchase Price in accordance with Section 3.1. Upon the expiration or termination of the right to exercise, convert or exchange any Securities, any adjustment to the Purchase Price which was made upon the issuance of such Securities, and any subsequent adjustments based thereon, shall be recomputed to reflect the issuance of only the number of shares of Common Stock actually issued upon the exercise, conversion or exchange of such Securities and the actual consideration received therefor (as determined in this Section 3.1).

Section 3.2. Upon each adjustment of the applicable Purchase Price pursuant to Section 3.1 hereof, this Warrant will, after the adjustment, evidence the right to purchase, at the adjusted Purchase Price, the number of shares (calculated to the nearest hundredth) obtained by (i) multiplying the number of shares issuable on exercise of this Warrant immediately prior to the adjustment by the Purchase Price in effect immediately prior to the adjustment and (ii) dividing the resulting product by the Purchase Price in effect immediately after the adjustment. However, the Company will not be required to issue a fractional share or to make any payment in lieu of issuing a fractional share.

Section 3.3. Whenever the Purchase Price or the number of shares or type of securities issuable on exercise of this Warrant is adjusted as provided in this Article III, the Company will compute the adjusted Purchase Price and the adjusted number of Warrant Shares and will prepare a certificate signed by its President or any Vice President, and by its Treasurer or Secretary setting forth the effective date of the adjustment, the adjusted Purchase Price and the adjusted number of Warrant Shares and showing in reasonable detail the facts upon which the adjustments were based and mail a copy of that certificate to the Holder by first class mail, postage prepaid, addressed to the registered Holder of this Warrant at the address of such Holder as shown on the books of the Company.

Section 3.4. If at any time when this Warrant is outstanding the Company:

(a) declares any cash dividend (or authorizes any other distribution) on its Common Stock;

(b) authorizes the granting to the holders of its Common Stock of rights to subscribe for or purchase any shares of its capital stock or assets, other than a dividend payable solely in shares of Common Stock;

(c) authorizes a reclassification, split or combination of the Common Stock, or a consolidation or merger to which the Company is a party or a sale or transfer of all or substantially all the assets of the Company that is subject to Section 271(a) of the Delaware General Corporation Law; or

(d) authorizes a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of said cases, the Company shall give, by certified or registered mail, postage prepaid, addressed to the registered Holder of this Warrant at the address of such Holder as shown on the books of the Company, (i) at least 30 days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such dissolution, liquidation or winding-up; (ii) at least 10 days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger or sale, and (iii) in the case of any such reorganization, reclassification, consolidation; merger, sale, dissolution, liquidation or winding-up, at least 30 days' written notice of the date when the same shall take place. Any notice given in accordance with clause (i) above shall also specify, in the case of any such dividend, distribution or option rights, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with clause (iii) above shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, as the case may be.

Section 3.5. The form of this Warrant need not be changed because of any change in the Purchase Price or in the number of Warrant Shares, and Warrants issued after that change may continue to describe the Purchase Price and the number of Warrant Shares which were described in this Warrant as initially issued.

ARTICLE IV

OTHER PROVISIONS RELATING TO RIGHTS OF WARRANT HOLDER

Section 4.1. If this Warrant is duly exercised, the Holder will for all purposes be deemed to become the holder of record of the Warrant Shares as to which this Warrant is exercised, and the certificate for such shares will be dated, on the date this Warrant is surrendered for exercise and the Purchase Price paid in accordance with Section 2.2 hereof, except that if such date is not a Business Day, the Holder will be deemed to become the record holder of the Warrant Shares, and the certificate will be dated, on the next succeeding Business Day. The Holder will not be entitled to any rights as a holder of the Warrant Shares, including the right to vote and to receive dividends, until the Holder becomes or is deemed to become the holder of such shares pursuant to the terms hereof.

Section 4.2. (a) The Company covenants and agrees that it will at all times reserve and keep available for the exercise of this Warrant a sufficient number of authorized but unissued shares of Common Stock to permit the exercise in full of this Warrant.

(b) The Company covenants that all shares of Common Stock issued upon exercise of this Warrant and against payment of the Purchase Price will be duly authorized, validly issued, fully paid and nonassessable and free from all pre-emptive rights of any stockholder and free of all taxes, liens and charges with respect to the issue thereof. The Company covenants that it will take all reasonable action as may be necessary to assure that such Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any domestic securities exchange or automated quotation system upon which the Common Stock may be listed, or any agreement to which the Company may be a party.

Section 4.3. Notices to the Holder relating to this Warrant will be effective on the earliest of actual receipt or the third business day after mailing by first class mail (which shall be certified

or registered, return receipt requested), postage prepaid, addressed to the Warrant Holder at the address shown on the books of the Company.

Section 4.4. The issuance of certificates for shares of Common Stock upon the exercise of the Warrant shall be made without charge to the Holder for any issue tax in respect thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

ARTICLE V

TREATMENT OF WARRANT HOLDER

Prior to presentation of this Warrant for registration of transfer, the Company may treat the Holder for all purposes as the owner of this Warrant and the Company will not be affected by any notice to the contrary.

ARTICLE VI

COMBINATION, EXCHANGE AND TRANSFER OF WARRANTS

Section 6.1. Any transfer permitted under this Warrant will be made by surrender of this Warrant to the Company at its principal office with the Form of Assignment (attached hereto) duly executed. In such event the Company will, without charge, execute and deliver a new Warrant to and in the name of the assignee named in the instrument of assignment and this Warrant will promptly be canceled.

Section 6.2. This Warrant may be divided or combined with other Warrants which carry the same rights upon presentation of them at the principal office of the Company together with a written notice signed by the Holder, specifying the names and denominations in which new Warrants are to be issued.

Section 6.3. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, or, in the case of mutilation, upon surrender of the mutilated Warrant, the Company will execute and deliver a new Warrant bearing the same terms and date as the lost, stolen or destroyed Warrant, which will thereupon become void.

ARTICLE VII

OTHER MATTERS

Section 7.1. (a) This Warrant and any Warrant Shares may not be sold, transferred, pledged, hypothecated or otherwise disposed of except as follows: (i) to a person who, in the reasonable opinion of counsel to the Company, is a person to whom this Warrant or the Warrant Shares may legally be transferred without registration and without the delivery of a current prospectus under the Securities Act of 1933 (the "**Securities Act**") with respect thereto, and then only against receipt of an agreement of such person to comply with the provisions of this Section 7.1(a) with respect to any resale or other disposition of such securities; or (ii) to any person upon delivery of a prospectus then meeting the requirements of the Securities Act relating to such securities and the offering thereof for such sale or disposition, and thereafter to all successive assignees.

(b) Unless the Warrant Shares have been registered under the Securities Act, upon exercise of any of the Warrant and the issuance of any of the Warrant Shares, all certificates representing Warrant Shares shall bear on the face thereof substantially the following legend:

THE SALE OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, OFFERED FOR SALE, ASSIGNED, TRANSFERRED OR OTHERWISE DISPOSED OF, UNLESS REGISTERED PURSUANT TO THE PROVISIONS OF THAT ACT OR UNLESS AN OPINION OF COUNSEL TO THE ISSUER IS OBTAINED STATING THAT SUCH DISPOSITION IS IN COMPLIANCE WITH AN AVAILABLE EXEMPTION FROM SUCH REGISTRATION.

(c) The Holder shall have no right to require the Company to register the Warrant Shares under the Securities Act or any state securities law, except to the extent provided in the Registration Rights Agreement of even date herewith.

Section 7.2. All the covenants and provisions of this Warrant by or for the benefit of the Company will bind and inure to the benefit of its successors and assigns.

Section 7.3. All notices and other communications under this Warrant must be in writing. Any notice or communication to the Company will be effective upon the earlier of actual receipt or the third business day after mailing by first class mail (which shall be certified or registered, return receipt requested), postage prepaid, addressed (until another address is designated by the Company) as follows:

Neoprobe Corporation
425 Metro Place North, Suite 300
Dublin, OH 43017
Attn: Chief Financial Officer
(tele) (614) 793-7500
(fax) (614) 793-7522

Any notice or demand authorized by this Warrant to be given or made by the Company to the Holder must be given in accordance with Section 4.3.

Section 7.4. The Delaware General Corporation Law shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by the internal laws of the State of Ohio, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Ohio or any other jurisdictions) that would cause the application of the laws of any jurisdiction other than the State of Ohio. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. If any provision of this Warrant shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Warrant in that jurisdiction or the validity or enforceability of any provision of this Warrant in any other jurisdiction.

Section 7.5. Nothing in this Warrant will give any person, corporation or other entity other than the Company and the Holder any right or claim under this Warrant, and all agreements in this Warrant will be for the sole benefit of the Company, the Holder, and their respective successors and permitted assigns.

Section 7.6. The Article headings in this Warrant are for convenience only, are not part of this Warrant and will not affect the interpretation of its terms.

Section 7.7. Any controversy, claim or dispute arising out of or relating to this Warrant

or the breach, termination, enforceability or validity of this Warrant, including the determination of the scope or applicability of the agreement to arbitrate set forth in this Section 7.7 shall be determined exclusively by binding arbitration in the City of Columbus, Ohio. The arbitration shall be governed by the rules and procedures of the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules and its Supplementary Procedures for Large, Complex Disputes; provided that persons eligible to be selected as arbitrators shall be limited to attorneys-at-law each of whom (a) is on the AAA's Large, Complex Case Panel or a Center for Public Resources ("CPR") Panel of Distinguished Neutrals, or has professional credentials comparable to those of the attorneys listed on such AAA and CPR Panels, and (b) has actively practiced law (in private or corporate practice or as a member of the judiciary) for at least 15 years in the State of Ohio concentrating in either general commercial litigation or general corporate and commercial matters. Any arbitration proceeding shall be before one arbitrator mutually agreed to by the parties to such proceeding (who shall have the credentials set forth above) or, if the parties are unable to agree to the arbitrator within 15 business days of the initiation of the arbitration proceedings, then by the AAA. No provision of, nor the exercise of any rights under, this Section 7.7 shall limit the right of any party to request and obtain from a court of competent jurisdiction in the State of Ohio, County of Franklin (which shall have exclusive jurisdiction for purposes of this Section 7.7) before, during or after the pendency of any arbitration, provisional or ancillary remedies and relief including injunctive or mandatory relief or the appointment of a receiver. The institution and maintenance of an action or judicial proceeding for, or pursuit of, provisional or ancillary remedies shall not constitute a waiver of the right of any party, even if it is the plaintiff, to submit the dispute to arbitration if such party would otherwise have such right. Each of the parties hereby submits unconditionally to the exclusive jurisdiction of the state and federal courts located in the County of Franklin, State of Ohio for purposes of this provision, waives objection to the venue of any proceeding in any such court or that any such court provides an inconvenient forum and consents to the service of process upon it in connection with any proceeding instituted under this Section 7.7 in the same manner as provided for the giving of notice under this Warrant. Judgment upon the award rendered may be entered in any court having jurisdiction. The parties hereby expressly consent to the nonexclusive jurisdiction of the state and federal courts situated in the County of Franklin, State of Ohio for this purpose and waive objection to the venue of any proceeding in such court or that such court provides an inconvenient forum. The arbitrator shall have the power to award recovery of all costs (including attorneys' fees, administrative fees, arbitrators' fees and court costs) to the prevailing party. The arbitrator shall not have power, by award or otherwise, to vary any of the provisions of this Warrant.

IN WITNESS WHEREOF, this Warrant has been duly executed by the Company as of December 26, 2007.

NEOPROBE CORPORATION.

By: /s/ Brent L. Larson
Brent L. Larson
Vice President-Finance and Chief Financial Officer

PURCHASE FORM

To Be Executed By The Warrant Holder

To Exercise The Warrant In Whole Or In Part:

To: NEOPROBE CORPORATION

The undersigned (_____)

Please insert Tax ID Number or other
identifying number of Holder

hereby irrevocably elects to exercise the right of purchase represented by the within Warrant for, and to purchase thereunder, _____ shares of Common Stock of Neoprobe Corporation in the amount of $_____ The undersigned requests that certificates for those shares of Common Stock be issued as follows:

Name: _____

Address: _____

Deliver to: _____

Address: _____

Denominations: _____

and that, if the number of shares of Common Stock is not all the shares of Common Stock purchasable by exercise of the Warrant, that a new Warrant for the balance of the shares of Common Stock purchasable under the within Warrant be registered in the name of, and delivered to, the undersigned at the address stated below:

Address: _____

Date: _____

Signature: _____

FORM OF ASSIGNMENT

(To Be Executed Only Upon a Permitted Assignment)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____ the all of the undersigned's right, title and interest in the within Warrant.

Signature_____

Signature Guaranteed:

_____

Exhibit 99.1

IMMEDIATE RELEASE **December 27, 2007**
CONTACTS:
Brent Larson, **Tim Ryan,**
Vice President / CFO **The Trout Group**
614 822 2330 **646 378 2924**

NEOPROBE OBTAINS $13 MILLION IN FUNDING
Business Update Conference Call Scheduled for January 3, 2008

DUBLIN, OHIO — December 27, 2007 — Neoprobe Corporation (OTCBB:NEOP — News), a diversified developer of innovative oncology and cardiovascular surgical and diagnostic products, today announced that it had signed definitive agreements for a $13 million financing with Platinum Montaur Life Sciences LLC ("Montaur") . The first funding under the Securities Purchase Agreement between Neoprobe and Montaur is for $7 million, which will be used to repay in full $5.7 million in notes that were due in January 2009. In addition, funding from the first closing will retire 10,125,000 in warrants to purchase shares of Neoprobe common stock that were associated with the notes due in 2009. Montaur has committed to additional funding aggregating $6 million that will be used to support the development of Lymphoseek®.

Michael Goldberg, M.D., Principal, Montaur Capital Partners, LLC and Portfolio Manager of the Platinum Montaur Life Sciences Fund, said, "Neoprobe represents an excellent investment opportunity. They have established a dominant position in the gamma detection medical device arena, they have structured a Lymphoseek marketing and distribution agreement with Cardinal Health, the premier radiopharmaceutical organization in the United States, and they are poised to commence the Phase 3 clinical evaluation of Lymphoseek that we believe will transform the company's revenue and profitability outlook."

David Bupp, Neoprobe's President and CEO, said, "We are very pleased to complete the financing with Montaur, which provides us with the financial resources to complete the clinical and other development activities associated with Lymphoseek. Coupled with the recently completed marketing and distribution agreement for Lymphoseek in the United States and the recently extended marketing agreement for our gamma detection device products, we believe Neoprobe is prepared to take the next steps in our evolution as a multiple product biomedical company with both device and drug revenues."

The first funding of $7 million is in the form of a secured note which is due in December 2011. The note is partially convertible at the option of Montaur into shares of Neoprobe common stock at a negotiated fixed conversion price of $0.26. If Montaur converts all of the eligible portion of the first note into common stock Neoprobe would issue 13,461,538 shares of Neoprobe common stock to Montaur. In addition, Neoprobe issued to Montaur warrants to purchase 6,000,000 shares of Neoprobe common stock at an exercise price of $0.32 per share.

A second funding of $3 million will occur upon the commencement of the Phase 3 clinical studies of Lymphoseek. The second funding will be in the form of a secured note payable in December 2011. The second note will be fully convertible at the option of Montaur into shares of Neoprobe common stock at the lesser of $0.40 per share or the closing price of Neoprobe common stock prior to closing. In addition, at the second closing Neoprobe will issue to Montaur warrants to purchase an amount of shares of Neoprobe common stock equal to the number of conversion shares at an exercise price of 115% of the conversion price of the second note.

Finally, a third funding of $3 million will occur upon the completion of the enrollment of 200 evaluable patients in the Phase 3 clinical studies of Lymphoseek. The third funding will be in the form of convertible preferred stock of Neoprobe. The preferred shares will be fully convertible at the option of Montaur into shares of Neoprobe common stock at the lesser of $0.50 per share or the closing price of Neoprobe common stock prior to closing. In addition, Neoprobe will issue to

Montaur warrants to purchase an amount of shares of Neoprobe common stock equal to the number of conversion shares at an exercise price of 115% of the conversion price of the preferred stock.

WBB Securities LLC served as the sole placement agent on the transaction with Montaur.

Neoprobe's President and CEO, David Bupp, will discuss the Montaur funding and other recent development events during a conference call scheduled for 11:30AM ET, Thursday, January 3, 2008. The conference call can be accessed as follows:

Conference Call Information

TO PARTICIPATE LIVE:		TO LISTEN TO A REPLAY:	
Date:	January 3, 2008	Available until:	January 10, 2008
Time:	11:30AM ET	Toll-free (U.S.) Dial in # :	877-660-6853
		International Dial in # :	201-612-7415
Toll-free (U.S.) Dial in # :	877-407-8033	Replay passcodes (both	
International Dial in # :	201-689-8033	required for playback):	
		Account # :	286
		Conference ID # :	267217

Lymphoseek is a proprietary radioactive tracing agent being developed for use in connection with gamma detection devices in a surgical procedure known as Intraoperative Lymphatic Mapping (ILM). Neoprobe has discussed with FDA protocols for the conduct of Phase 3 clinical evaluations of Lymphoseek in patients with either breast cancer or melanoma. Pending the completion of the Phase 3 protocol review by FDA and obtaining the consent of the institutions who will conduct the Phase 3 studies, Neoprobe intends to commence enrollment in the Phase 3 trials in the first quarter of 2008.

About Neoprobe
Neoprobe is a biomedical company focused on enhancing patient care and improving patient outcome by meeting the critical intraoperative diagnostic information needs of physicians and therapeutic treatment needs of patients. Neoprobe currently markets the neo2000® line of gamma detection systems that are widely used by cancer surgeons and is commercializing the Quantix® line of blood flow measurement products developed by its subsidiary, Cardiosonix Ltd. In addition, Neoprobe holds significant interests in the development of related biomedical systems and radiopharmaceutical agents including Lymphoseek® and RIGScan® CR. 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 maximizing its strong position in gamma detection technologies and diversifying into new, synergistic biomedical markets through continued investment and selective acquisitions. www.neoprobe.com

Statements in this news release, which relate to other than strictly historical facts, such as statements about the Company's plans and strategies, expectations for future financial performance, new and existing products and technologies, anticipated clinical and regulatory pathways, and markets for the Company's products are forward-looking statements The words "believe," "expect," "anticipate," "estimate," "project," and similar expressions identify forward-looking statements that speak only as of the date hereof. Investors are cautioned that such statements involve risks and uncertainties that could cause actual results to differ materially from historical or anticipated results due to many factors including, but not limited to, the Company's continuing operating losses, uncertainty of market acceptance of its products, reliance on third party manufacturers, accumulated deficit, future capital needs, uncertainty of capital funding, dependence on limited product line and distribution channels, competition, limited marketing and manufacturing experience, risks of development of new products, regulatory risks and other risks detailed in the Company's most recent Annual Report on Form 10-KSB and other Securities and Exchange Commission filings. The Company undertakes no obligation to publicly update or revise any forward-looking statements.