SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 1997

OR

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

For the transition period from _____ to _____.

Commission file number: 0-26520

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NEOPROBE CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	31-1080091
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
425 Metro Place North, Suite 300, Dublin, Ohio	43017-1367
(Address of Principal Executive Offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $.001 per share
(Title of Class)

Rights to Purchase Series A Junior Participating Preferred Stock
(Title of Class)

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

Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of shares of Common Stock held by non-affiliates of the Registrant on February 28, 1998 was $104,359,314.

The number of shares of Common Stock outstanding on February 28, 1998 was 22,799,555.

The following documents have been incorporated by reference into this Form 10-K:

Document	Part of Form 10-K
Registrant's Proxy Statement for its 1998 Annual Meeting of Stockholders	Part III

PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

Neoprobe Corporation, a Delaware corporation ("Neoprobe" or the "Company"), was incorporated in the State of Ohio in 1983 and reincorporated in the State of Delaware in 1988. The Company's executive offices are located at 425 Metro Place North, Dublin, Ohio 43017-1367. The telephone number at that address is (614) 793-7500.

Since inception, the Company has devoted substantially all of its efforts and resources to research and clinical development of its proprietary RIGS(R) technology (radioimmunoguided surgery). Since 1992, the Company has completed a series of clinical trials for its lead product, RIGScan(R) CR49 (125I-CC49 monoclonal antibody), for the surgical detection of metastatic colorectal cancer. During 1996, the Company submitted applications to European and U.S. regulatory agencies requesting permits to begin marketing the Company's RIGS products for the detection of metastatic colorectal cancer. Late in the fourth quarter of 1997, the Company received requests for further information from United States and European regulatory agencies following review of its application. Consequently, during the first quarter of 1998, the Company implemented a business plan to reduce operating expenses and focus on three main business objectives: commercializing its RIGScan CR49 diagnostic product for the surgical detection of metastatic colorectal cancer, increasing the Company's market position in device sales for intraoperative lymphatic mapping and other gamma guided surgery applications, and developing activated cellular therapy products for cancer and viral diseases. The Company reduced its domestic staff by approximately 20%, reducing its annual compensation expense by approximately $1.6 million, and postponed research projects for earlier stage RIGS diagnostic products which were expected to be carried out in 1998.

The RIGS Technology

Neoprobe has developed the first patented, intraoperative diagnostic tool that enables real-time cancer detection for most solid-tumor cancers. The Company believes that its proprietary RIGS technology enhances the surgeon's ability to locate more precisely and excise more completely occult (hidden) tumors. The RIGS system combines a patented hand-held radiation (gamma ray) detection probe, radiolabeled cancer targeting agents, called RIGScan products, and a patented surgical method for identifying and locating cancerous tissue. The Company's proprietary targeting agents are monoclonal antibodies or peptides, labeled with a radioactive isotope that emits low energy gamma rays. Before surgery, a cancer patient is injected with one of the RIGScan targeting agents which circulates throughout the patient's body and binds specifically to cancer cell antigens or receptors. Concentrations of the targeting agent in even very small areas of tissues are then located during surgery by Neoprobe's gamma-detecting instrument, which emits an audible tone to direct the surgeon to targeted tissue.

Current cancer detection techniques do not always identify all tumors present. Existing presurgical imaging techniques often do not allow the surgeon to distinguish clearly between cancerous and other abnormal tissue. For most solid-tumor cancers, current intraoperative detection is limited to what the surgeon can see and feel. The limitations of these techniques can result in small or occult tumors being left undetected. The Company believes that the RIGS system provides precise tumor detection information to the surgeon during the course of surgery that can lead to improved diagnosis and staging of cancer

patients and, as a result, improved surgical outcomes.

Since 1992, more than 700 patients have participated in several phases of clinical trials for surgical detection of primary and metastatic colorectal cancer using the Company's lead product, RIGScan CR49. During 1995, the Company completed a pivotal Phase III clinical trial with RIGScan CR49 for patients with metastatic colorectal cancer. During 1996, the Company submitted applications to the European and U.S. regulatory agencies to request permits to begin marketing the Company's RIGS products for the detection of metastatic colorectal cancer. In November 1997, the Company withdrew its application from the European Agency for the Evaluation of Medicinal Products ("EMEA") as a result of additional requests for information from the European Committee for Proprietary Medicinal Products ("CPMP"). In addition, in December 1997, the Center for Biologics Evaluation and Research ("CBER") of the United States Food and Drug Administration ("FDA") completed its review of the Company's Biologics License Application ("BLA") and determined that additional information must be provided before it can further consider the marketing approval of the Company's product. The Company currently intends to submit an amendment to the BLA and resubmit the European dossier with additional information as soon as possible.

In addition, the Company has completed testing in a separate 287-patient, multicenter pivotal Phase III clinical trial for the surgical detection of primary colorectal cancer. Neoprobe may incorporate data from this trial in its resubmission to the EMEA and may file an amendment to its BLA with the FDA for this indication. There can be no assurance that the Company's RIGS products will be approved for marketing by the FDA or the EMEA, or that any such products will be successfully introduced or achieve market acceptance. See "Risk Factors -- Government Regulation."

Intraoperative Lymphatic Mapping and Other Gamma Guided Surgery Instrument Applications

During 1997, the Company launched an enhanced gamma detector, the Neoprobe(R) 1500 Portable Radioisotope Detector, in response to an emerging new technique, called intraoperative lymphatic mapping, for treating patients with melanoma, a potentially deadly form of skin cancer. The procedure has been used as a minimally invasive surgical technique for "staging" a patient's disease. Surgeons use lymphatic mapping to help trace the lymphatic patterns in a patient to evaluate the potential tumor drainage and metastases, or spread. The technique does not detect cancer; it helps surgeons find the first lymph node(s) to which tumor is likely to drain and spread. That node (sometimes referred to as the "sentinel" node) may provide critical information about the stage of a patient's disease.

Intraoperative lymphatic mapping begins with a patient being injected at the site of the main tumor with a commercially available radioactive tracing agent; e.g., filtered sulphur colloid labeled with Technetium-99m, a radioactive element. The agent is intended to follow the same lymphatic flow as the cancer would if it had metastasized. The surgeon may then track the agent's path with the probe, thus following the potential avenues of metastases and identifying lymph nodes to be biopsied for evaluation and determination of cancer spread.

Surgeons are also investigating the technique for patients with breast cancer. Several large multicenter clinical trials began in 1997, including studies sponsored by the U.S. Department of Defense and the National Cancer Institute. Lymphatic mapping has become the standard of care for treating patients with melanoma at many institutions. The Company supports this research through training support, technical expertise and device placement. Surgeons have also found the technique useful in staging patients with vulvar and penile cancers.

The Company will continue to work with thought leaders in the surgical community to set up and support training courses internationally for lymphatic mapping. Courses were held for over 350 surgeons during 1997 at such institutions as M.D. Anderson Cancer Center, the University of Washington , the Netherlands Cancer Institute, the University of Louisville and H. Lee Moffitt Cancer Center and Research Institute. Additional training centers are expected to open during 1998.

The Company is currently selling the Neoprobe 1500 instrument for lymphatic mapping and other gamma guided surgery applications and expanding its line of instruments to provide a variety of gamma-detecting probes for specialized uses. The growing use of the lymphatic mapping technique by surgeons has helped generate revenue for the Company of approximately $5 million during 1997. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

In addition to lymphatic mapping, surgeons are using Neoprobe's device for other gamma guided surgery applications such as locating enlarged cancerous parathyroid gland; for intraoperative localization of osteoid osteomas, small painful bone lesions and in surgical biopsy of suspected spread of cancer to the bone (osseous metastases).

ACTIVATED CELLULAR THERAPY FOR CANCER AND VIRAL DISEASE

The third key focus of Neoprobe's current business activity is in developing activated cellular ("ACT") for applications in cancer and viral disease. Neoprobe's method for treating colorectal cancer with RIGS/ACT(TM) (RIGS technology based activated cellular therapy) was discovered in the course of clinical trials for its RIGScan CR49 diagnostic products. It is an experimental form of cellular therapy that attempts to stimulate the patient's own immune system to fight the cancer. While conducting RIGS clinical trials, Neoprobe's researchers found that lymph nodes identified as positive by the RIGS system contained an unusual abundance of cancer-fighting helper T cells (CD4+ lymphocytes). These helper cells secrete chemical messages that are important in directing the body's immune response to disease. Neoprobe's researchers found that they could locate, remove, and proliferate the helper T lymphocytes in the laboratory very quickly and in large numbers. Within 10 to 14 days, more than 1 billion lymphocytes can be infused into the patient with apparently limited, mild side effects. The Company believes that except for detection by the RIGS system, there is currently no other way to find these special lymph

nodes. In Company-sponsored tests, Random RIGS-negative lymph nodes were subjected to the same process but did not show the same ability to stimulate an immune response to the cancer.

In 1997, Neoprobe opened its first corporate Investigational New Drug Application ("IND") for multicenter trials using RIGS/ACT in metastatic colorectal cancer patients. These trials are based on results of an earlier Phase I/II single-site study at The Ohio State University showing that the therapy is feasible, appears to be safe and shows biologic activity against tumor. Also, cell processing for the therapy appears to be faster and simpler than processes for other cell therapy products. One study under the new IND is a Phase I/II multicenter trial to investigate the use of RIGS/ACT in patients with recurrent but resectable colorectal cancer. Another clinical trial under the IND is a Phase II multicenter trial using RIGS/ACT with chemotherapy in patients with unresectable recurrent colorectal cancer.

The Company has applied the same idea of using helper T cells from lymph nodes to provide activated cellular therapy to stimulate the immune system of HIV/AIDS patients. Based on promising results of a study of the technique in cats with feline leukemia, a disease caused by a virus that is similar to human HIV/AIDS, Neoprobe completed a pilot study at The Ohio State University with HIV/AIDS patients. Physicians removed enlarged lymph nodes in outpatient surgery, used the same cell processing for the helper T cells as for the RIGS/ACT cancer patients, and reinfused the HIV/AIDS patients' own, now activated and greatly expanded immune cells. Results of the pilot trial, to be published in 1998, led to the opening of a Phase I trial in early 1998 at the Miami VA Medical Center in Florida. The trial will test ACT in HIV/AIDS patients who also have chronic active hepatitis B or C. It is the first of a series of small studies in precisely targeted HIV/AIDS patient populations. ACT used in HIV/AIDS patients, rather than using the RIGS system for identifying lymph nodes, uses palpable, or enlarged, lymph nodes that physicians can feel from outside the body. There can be no assurance that any of the Company's products in development will be successfully developed, tested or licensed or that any such products will gain market acceptance. See "Risk Factors - Government Regulation."

Product Development Strategy

Neoprobe's development strategy is to commercialize products based upon technologies that are patented or exclusively licensed by the Company for diagnosis and treatment of patients with cancer. Neoprobe will also seek to out-license a range of products based upon technologies that are patented or exclusively licensed by the Company for treatment of patients with HIV/AIDS and other viral diseases. All of Neoprobe's products in development stem directly or indirectly from scientific studies with the Company's core RIGS surgical diagnostic technology, which consists of cancer-specific targeting agents used with the Company's hand-held gamma-detection device. Potential revenues from these diagnostic products will come from sales of Neoprobe's devices and sales of single patient doses of the injectable targeting agent. In addition, the Company's gamma-detecting devices have been enhanced for use with commercially available radiopharmaceuticals for intraoperative lymphatic mapping and other gamma-guided surgery applications. The Company is further developing its flagship RIGScan CR49 product to provide activated cellular therapy (ACT) to treat colorectal cancer patients who may not be able to benefit from surgery alone. Potential revenues from therapy products may come from sales of devices, patient doses of the targeting agent, and proprietary cell processing services. And finally, Neoprobe is developing its ACT process as a therapy for HIV/AIDS patients, with potential revenues coming from proprietary cell processing services.

RIGS System Targeting Agents. The drug component of each RIGS diagnostic surgical product, called RIGScan products, is a cancer-specific monoclonal antibody, antibody fragment, or peptide. Antibodies and antibody fragments are proteins that can recognize and selectively attach to specific substances in the body, called antigens. Each type of antibody recognizes and binds specifically to a single type of antigen. The role of natural antibodies in the body's immune system is to detect and defend the body from foreign substances. Monoclonal antibodies ("MAbs") are antibodies produced in the laboratory by cells that are genetically identical and, therefore, yield the same product. MAbs have identical specificity for a single portion of the targeted antigen molecule, such as one associated with cancer cells. Peptides, which are much smaller molecules than monoclonal antibodies, may also be used as targeting agents. A peptide is a compound which is derived from a protein molecule which recognizes and binds specifically to certain sites, called receptors, on the surface of certain cells. The targeting agents used by Neoprobe are the proprietary products of others and have been exclusively licensed by Neoprobe for use with the RIGS technology. See "Risk Factors -- No Assurance of Continued Rights to Targeting Agents; Royalty Payments."

Neoprobe has global rights to various antibodies and peptides that target cancer exclusively for use with the RIGS technology. These targeting agents include the anti-tumor-associated glycoprotein ("TAG") monoclonal antibodies

that were developed by the National Cancer Institute of the National Institutes of Health ("NCI/NIH"). The TAG antibodies target a broad range of cancer types, including colorectal, ovarian, lung, and pancreatic cancers. From that class of antibodies, Neoprobe has selected the whole murine antibody CC49 for its first product for colorectal cancer.

Attaching a radioisotope to a targeting agent produces a radiolabeled targeting agent which is potentially useful for cancer detection. The gamma radiation emanating from the radioisotope is detected by the Company's hand-held instrument. Based on laboratory and clinical studies, Neoprobe has determined that the preferred radiolabel for RIGS targeting agents is the radioactive isotope iodine-125 (125I). This isotope emits low-energy radiation that the Company believes is most effective for intraoperative tumor detection with a hand-held probe. The low-energy radiation of 125I permits the surgeon to identify the cancerous tissue with a level of precision not possible with higher energy isotopes. In order to use 125I effectively, thyroid-blocking medication is administered to block absorption of the radioactive iodine by the patient's thyroid gland.

The RIGS technology has been used in over 1,600 surgeries during clinical research in more than 60 medical institutions and cancer centers worldwide. The

majority of the clinical research supports the Company's work with RIGScan CR49 for colorectal cancer, and Neoprobe's current focus is on completing commercialization of this product. During 1997, Neoprobe provided surgeons with access to the product under emergency and compassionate use protocols and developed a protocol for a multicenter feasibility study using the product for adenocarcinoma cancers found in other regions of the body besides the colon and rectum. These cancers, including stomach, ovarian, pancreatic and endometrial cancers, represent potential opportunities for future line extension use of RIGScan CR49.

Neoprobe also tests other targeting agents for use with the RIGS system for surgical detection of other types of cancer because the Company believes that the technology is ultimately applicable to all solid tumors (i.e., those that do not originate in blood or the lymph system). However, clinical programs for other RIGS surgical diagnostic products are on temporary hold until the RIGScan CR49 program is complete and the product is on the market.

Early clinical testing has been completed for breast, ovarian and neuroendocrine/neuroblastoma cancers. For breast cancer, Neoprobe has completed early trials with two TAG antibodies, B72.3 and CC49; a peptide "lanreotide" licensed from Biomeasure Incorporated ("Biomeasure"); and NR-LU-10, an antibody fragment licensed from NeoRx Corporation ("NeoRx"). See "-- License and Technology Agreements." For ovarian cancer, the Company has completed a small trial with the CC49 TAG antibody and preclinical studies to prepare for clinical tests with NR-LU-10. For adult neuroendocrine cancer and for neuroblastoma, early trials have been completed with lanreotide. Neoprobe also has long-term plans to develop RIGS diagnostic products for surgical detection of prostate and lung cancers.

The Company believes results of these various studies to date with cancer types other than colorectal cancer demonstrate the potential of the RIGS technology to assist surgeons by providing immediate, additional, otherwise unavailable information during surgery about the extent and location of a patient's cancer. Once RIGScan CR49 receives marketing approval and is launched, testing of these additional RIGS diagnostic products can resume, and Neoprobe will pursue the most promising product candidates tailored for each type of cancer.

Gamma-detecting Instrumentation. Before launching the Neoprobe 1500 instrument in 1997, the first-generation gamma-detecting probe, the Neoprobe 1000 device, was used for RIGScan CR49 pivotal trials and other RIGS product clinical development. The patented Neoprobe 1000 instrument consists of a hand-held gamma-ray-detection probe and a software-driven control unit. The reusable probe is a stainless steel tube with an angled tip for ease of maneuverability. The detection device in the tip of the probe is a highly radiosensitive crystal that relays a signal through a preamplifier to the control unit to produce both a digital readout and an audible signal. The detector element fits in a housing approximately the size of a pocket flashlight. For RIGS applications, the audible signal threshold level is adjusted to eliminate the sound when the probe is over normal tissue. During RIGS surgery, the surgeon uses the probe as a diagnostic tool to evaluate tissue for presence of cancer. The instrument gives an audible signal to indicate the presence of a radiolabeled targeting agent concentrated in tissue. Neoprobe's first-generation instrument received FDA 510(k) clearance for marketing as a gamma-radiation detector in December 1986. A modified Neoprobe 1000 also received FDA 510(k) clearance for marketing in June 1992. A second modification to the Neoprobe 1000 received FDA 510(k) clearance in February 1995.

The enhanced Neoprobe 1500 instrument received a 510(k) clearance for marketing from the FDA in June 1997 and was launched in October 1997. The enhanced instrument has several new and unique features to meet surgeons' needs. It has an added, special sound-guided localization feature which allows the user to customize the device for different surgical procedures, including lymphatic mapping. It is the only device on the market which can detect all commercially available radioisotopes, and it is the only instrument which can also be used with Neoprobe's RIGS technology, once a RIGS product has received marketing approval. As a result of changes in the statutes regulating the Neoprobe 1500 device, the Company will not need to submit 510(k) applications for future

modifications to the Neoprobe device.

The Company is pursuing an aggressive instrument development program to improve functionality and ease of use and to create a family of probe components for specialized uses, such as three reusable probe tips which are lightweight, easily sterilized, and used with a disposable handle, and a patented laparoscopic probe for minimally invasive surgical procedures.

Activated Cellular Therapy Products. Neoprobe's clinical development strategy for its activated cellular therapy products in both the oncology and viral disease arenas is to complete earlier stage pilot/Phase I/Phase II trials to establish proof of concept for the products. With sufficient safety, feasibility and preliminary efficacy results from a cost efficient clinical program, Neoprobe plans to engage a corporate development and marketing partner who will support pivotal testing and commercialization of these products.

MARKETING AND DISTRIBUTION

The Company intends to establish a strategic alliance with a partner or partners to market RIGS surgical cancer products and RIGS/ACT products. The Company will pursue alliances which may also provide financial support to research and development efforts for future products. The Company is currently engaged in discussions with medical and/or pharmaceutical companies that have established marketing capabilities in the United States and Europe and in many developing countries. In September 1996, the Company executed a License and Distributorship Agreement with the United States Surgical Corporation ("USSC") giving USSC exclusive worldwide sales and marketing rights (excluding Korea and certain other Pacific Rim countries) for the Company's RIGS surgical cancer detection products. Effective October 17, 1997, the Company and USSC mutually agreed to terminate the agreement, as amended. There can be no assurance that the Company will be able to enter into marketing agreements on terms favorable to the Company. See "Risk Factors -- Limited Marketing Experience." Beginning in 1996, the Company began building its internal marketing capability and expertise in the field of lymphatic mapping in order to fully capitalize on the growing gamma-guided surgery market. The Company anticipates using its internal marketing expertise to provide training and technical support to a partner to hasten the partners impact.

Initial marketing efforts in the United States will be directed to the approximately 500 teaching hospitals and cancer institutions, whose adoption of the RIGS system may promote its general use by surgeons. These institutions perform a large number of cancer surgeries and have historically been willing to purchase and use new technologies. In addition, these institutions employ a large number of influential individuals in the cancer field, whose support could favorably influence RIGS product sales. Twenty-eight of these institutions are or have been involved in Neoprobe's clinical studies. Neoprobe expects that its marketing efforts will ultimately be directed to the approximately 1,600 largest institutions in the United States (those with 200 or more beds per institution). Neoprobe also plans to develop markets for RIGS products in Europe, focusing on similar categories of physician specialists and institutions.

Neoprobe's success will depend upon wide acceptance of the RIGS technology as a cancer diagnostic and treatment technology. Neoprobe must educate the medical community on the utility and proper use of the RIGS technology. Neoprobe's medical and scientific researchers have been educating the medical community about the RIGS system through trade shows, symposia, articles and scientific abstracts published in select medical journals, and other activities. Neoprobe intends to continue these activities prior to commercialization of the first RIGS product, with the goal of becoming the leader in the development and commercialization of intraoperative diagnostic products to assist surgeons in the treatment of solid-tumor cancers. Although Neoprobe will seek to establish the RIGS method as standard surgical procedure for treatment of solid-tumor cancers, there can be no assurance that Neoprobe's proposed products will achieve market acceptance. See "Risk Factors -- Dependence upon Principal Product Line; Uncertainty of Market Acceptance."

In August 1995, the Company signed a Strategic Marketing Agreement with Damon Pharm. Ltd. ("Damon") granting exclusive marketing and distribution rights in Korea for RIGScan products. Under the agreement, Damon is responsible for conducting clinical trials using RIGScan products, and submitting regulatory applications for marketing the products in Korea. The Company, in turn, provides RIGS products at agreed upon transfer prices and receives a royalty on all sales

of products. Damon purchased 154,575 shares of Common Stock from the Company at market-related prices. Damon also paid an option fee to the Company in October 1995 for an option to market RIGScan products in certain southeast Asian countries. During 1996, Damon exercised the option and paid the additional license

fee for marketing rights in the countries of Taiwan, Thailand and Singapore. The agreement may not be terminated except for a material breach by either party. In February 1996, Damon obtained regulatory approval for RIGScan CR49 in South Korea.

In 1995, Neoprobe entered into distribution service agreements with Syncor International Corporation ("Syncor") and MDS Nordion S.A. ("Nordion-Europe"). Syncor will provide distribution services for RIGScan products in North America and certain Asian markets. The distribution services include delivery of RIGScan products to nuclear pharmacies in the aforementioned territories. In addition, Syncor has agreed to assist in the marketing of RIGScan products to nuclear medicine departments and in the training of nuclear medicine physicians in the use of RIGScan products. The agreement with Nordion-Europe covers similar distribution services for RIGScan products in Europe, Africa, and the Middle East. In addition, Nordion-Europe has agreed to handle final release testing of RIGScan products in accordance with European regulatory guidelines and to provide customer billing services for RIGScan products at Neoprobe's request. Both Syncor and Nordion-Europe will be paid fees based upon the number of doses of RIGScan which are delivered to hospitals in their respective distribution territories. The Company believes that the service agreements with Syncor and Nordion-Europe position Neoprobe to deliver RIGScan products to hospitals through established radiopharmaceutical channels.

MANUFACTURING

Manufacture of Targeting Agents. In March 1995, Neoprobe entered into a manufacturing and supply agreement with Gist-brocades Bio-Intermediair B.V., a Dutch corporation ("Bio-Intermediair"), for the production of monoclonal antibodies to use in conjunction with Neoprobe's RIGS technology. Under this contract, Bio-Intermediair manufactures CC49 MAb for the Company in compliance with Good Manufacturing Practices ("GMP"). The term of the agreement is three years after regulatory approval to market a CC49 based product in the United States or Europe and may be automatically extended for one year on each anniversary of the agreement. The agreement may be terminated by Neoprobe or by Bio-Intermediair upon specified notice or on a material default.

Bio-Intermediair is a provider of GMP manufacturing services, specializing in pilot to large scale cell culture and production of biopharmaceuticals. Bio-Intermediair has been inspected by the Dutch regulatory agency and found to be in full compliance with European GMP, satisfying member requirements of the Pharmaceutical Inspection Convention. This same agency certified Bio-Intermediair and its facility to produce monoclonal antibodies, and other biological products for human clinical applications. This certification is accepted by the member countries of the Pharmaceutical Inspection Convention, including most of the European countries and Australia. The FDA has also conducted a pre-approval inspection in November 1997 in connection with the RIGScan BLA filing. Neoprobe has been provided with a list of the observations and has determined that there are no substantive barriers to approval of the facility.

Neoprobe Europe AB, ("Neoprobe Europe") formerly called NEWMonoCarb AB, is located in Lund, Sweden, and leases a facility there for the production and purification of monoclonal antibodies. A small state-of-the-art filling facility has been installed at Neoprobe Europe to fill vials for subsequent radiolabeling. During 1997, Neoprobe Europe's filling operation was inspected by the Swedish regulatory authorities and received a five year operating certificate. This certification permits Neoprobe Europe to conduct small-scale filling operations for CC49 on a commercial basis. In November 1997, the FDA also conducted a pre-approval inspection of the filling facility in connection with the RIGScan CR49 BLA filing. Neoprobe has determined that there are no obstacles which will prevent approval of the facility. See "Risk Factors -- Limited Manufacturing Capacity and Experience."

Radiolabeling. In April 1993, Neoprobe entered into a clinical and commercial supply agreement with MDS Nordion ("Nordion"), one of the largest suppliers in the world of radioisotopes to nuclear medicine departments, for the radiolabeling of Neoprobe's monoclonal antibodies with 125I for clinical trials and commercial sale after regulatory approval to market such products has been granted. Pursuant to this agreement, Neoprobe paid Nordion an initial cash payment, and has made additional cash payments to support the validation of the manufacture of RIGScan CR49. Nordion began shipping RIGScan CR49 for Neoprobe's Phase III studies in August 1994. The term of the agreement is for a minimum of three years after Neoprobe is granted approval to market in the United States or Europe, subject to renewal and early termination in certain events. Additionally, Neoprobe has agreed to purchase certain quantities of the radiolabeled antibody throughout the term of the agreement at prices already set or to be determined based on current information at the time of commercial approval.

In 1994, Neoprobe (Israel) Ltd. ("Neoprobe (Israel)") was organized under the laws of the State of Israel as a subsidiary of the Company to construct and operate a radiolabeling facility for the Company's targeting agents. A

Facility Agreement has been executed by the Company, Neoprobe (Israel) and Rotem Industries Ltd. ("Rotem"), under which Rotem would manage the facility and has a minority equity interest in Neoprobe (Israel), which it can increase under certain circumstances. The construction of the facility has been completed and installation of equipment is expected to be completed during the second quarter of 1998.

Neoprobe Instruments. In August 1996, the Company entered into a Manufacturing and Supply Agreement with RELA, Inc. of Boulder Colorado ("RELA"), a developer and manufacturer of medical devices. Under the agreement RELA manufactured Neoprobe 1000 instruments for the Company. During the fourth quarter of 1997, the Company introduced the Neoprobe 1500 system. The Company continues to use RELA for the production of the Neoprobe 1500 instrument. The Company may decide to use a separate third party manufacturer for the next generation Neoprobe system.

LICENSE AND TECHNOLOGY AGREEMENTS

The Dow Chemical Company. Neoprobe and The Dow Chemical Company ("Dow") are parties to a series of agreements relating to the development and commercialization of drug products useful in the field of gamma-guided surgery. Under an agreement executed in 1992 (the "Primary Agreement"), Dow granted Neoprobe a sub-license to Dow's rights to the use of certain monoclonal antibodies (MAb), including CC49 which Dow derived from its license with NIH/NCI. The rights granted by Dow include a worldwide exclusive license to make, use and sell CC49 MAb for use as a RIGS technology product. Additionally, Neoprobe was granted an option to acquire a sublicense to Dow's rights to certain monoclonal antibodies related to CC49.

Neoprobe's sublicense of CC49 from Dow is subject to a commercial license agreement between Dow and NCI/NIH under which NCI/NIH reserved the right to use CC49 for government purposes. If the Dow-NCI/NIH commercial license agreement is terminated for any reason, including a default by Dow, the Dow-NCI/NIH commercial license agreement allows Neoprobe to apply for a license for antibodies previously granted by Dow to Neoprobe (subject to approval and acceptance by NCI/NIH). If the Dow-NCI/NIH commercial license agreement is terminated, the Dow-Neoprobe agreement allows Neoprobe to either obtain a license directly from NCI/NIH (subject to approval and acceptance by NCI/NIH) or to terminate provisions of the Dow-Neoprobe agreement that relate to the Dow-NCI/NIH commercial license agreement.

In May 1996, Neoprobe and Dow executed an agreement under which Dow granted Neoprobe exclusive global rights to certain proprietary "linkers" and linker technology. A linker is a compound which joins a radioisotope (e.g., 123 I, 125 I, and 131 I) to a monoclonal antibody or steroid. Neoprobe was granted exclusive rights to make, use and sell radiopharmaceutical products containing such linkers in the field of radioimmunoguided surgery (RIGS) and radioimmunotherapy (RIT). Dow received 124,805 shares of Neoprobe Common Stock in exchange for the rights granted to Neoprobe. According to the Company's

latest information, Dow currently holds 847,920 shares of Neoprobe Common Stock.

The Ohio State University Research Foundation ("OSURF"). Neoprobe and The Ohio State University ("OSU") have had a long-term relationship involving the collaboration of OSU medical and research personnel on various clinical and sponsored research projects. In April 1992, Neoprobe and OSURF entered into an agreement (the "Master Agreement") under which Neoprobe was granted exclusive, global rights to OSURF's interest in all inventions developed as a result of research funded by Neoprobe under the Master Agreement. The Master Agreement expired in March 1997. Since that time, each clinical study and research project funded by Neoprobe at OSU is covered by a separate agreement containing as an essential term, an option to Neoprobe to acquire exclusive, global rights to any invention developed under such agreement.

Dow, OSURF and Neoprobe License Agreement. In April 1992, Dow with the consent of OSURF, sublicensed to Neoprobe, Dow's rights to certain activated cellular therapy technology flowing from a research agreement between Dow and OSURF entered into in May 1991. Under Neoprobe's agreement with Dow, Neoprobe has the right to make, use and sell products and services utilizing licensed technology for activated cellular therapy in combination with RIGS. The sublicense remains in effect as long as Neoprobe is not in breach of the sublicense agreement or the Primary Agreement.

Cira Technologies, Inc. In 1996, Neoprobe and Cira Technologies, Inc. ("Cira") entered into a Technology Option Agreement under which Cira granted to Neoprobe the right to acquire an exclusive, global license to make, use and sell products and services embodying, and/or produced by the "Primary Technology." The Primary Technology includes cell processing technology, inventions, discoveries and patent applications directed to the preparation of a therapeutic agent for treatment of human immunodeficiency virus in HIV infected human patients which agent is derived from lymph nodes excised from the same patient as the one to be treated. Provided that Neoprobe exercises the option to acquire exclusive rights to the Primary Technology, Neoprobe also has an option to acquire exclusive, global rights to the use of the cell processing technology to prepare therapeutic agents for the treatment of chronically-infected and/or autoimmune afflicted human patients. In consideration of the options granted to it by Cira, Neoprobe agreed to fund a Phase I study up to an amount not to exceed $500,000. Neoprobe has a period of time after the close of the Phase I study to exercise its option to acquire a license to the Primary Technology. The Company and Cira also cross licensed improvements in activated cellular therapy. In addition to technology rights, the Company obtained an option to increase its interest in Cira by 15%. The exercise price of this option is 15% of the fair market value of Cira's outstanding securities on the earlier of the third anniversary of a license agreement under the Technology Option Agreement, or the commencement of a pivotal clinical trial study, subject to a minimum of $1.95 million and a maximum of $4.5 million.

South Florida Veteran Affairs Foundation For Research & Education, Inc. ("SFVA"). In May 1997, Neoprobe entered into a Research Agreement with SFVA covering a clinical trial to be conducted under the direction of Dr. Nancy Klimas. The purpose of the trial is to determine the safety and efficacy of a therapeutic agent derived using Cira's proprietary technology for the treatment of HIV infected patients as well as HIV infected patients cross-infected with other chronic viral conditions; e.g., hepatitis. Under the terms of the agreement Neoprobe is granted an option to acquire an exclusive license to any inventions made by SFVA during the course of the clinical trial. Neoprobe's funding of this clinical trial is the consideration for the exclusive option granted to it by Cira.

PATENTS AND PROPRIETARY RIGHTS

Proprietary protection for Neoprobe's products is important to Neoprobe's business. Neoprobe's policy is to seek to protect its technology by, among other things, filing patent applications for technology that is considered important to the development of its business. Certain aspects of Neoprobe's RIGS technology are claimed in the United States in U.S. Patent No. 4,782,840, which, provided that required maintenance fees are paid, expires in 2005. Under the Patent Term Restoration Act, Neoprobe is eligible to apply for a three to

five-year patent term extension. The Company plans to apply for an extension within 60 days of FDA marketing approval of RIGScan(R) CR49, the first RIGS system product.

CC49, the monoclonal antibody used in RIGScan CR49 is covered by U.S. Patent No. 5,512,442 (assigned to the United States of America). By virtue of the Company's license with Dow, Neoprobe has the exclusive right to make, use, and sell the patented monoclonal antibody for use in radioimmunoguided surgery.

Neoprobe holds numerous United States and foreign patents and patent applications covering portable, hand-held, gamma-radiation detection devices and device components; e.g., gamma-radiation detection probes. The Company continues to develop new and improved device products for use in intraoperative lymphatic mapping and gamma-guided surgery. United States and foreign patent applications will be filed on new devices and device improvements as they are made.

Neoprobe is licensed to patent applications owned by OSURF covering the use of activated cellular therapy to treat certain cancers and to patent applications owned by Cira covering the use of activated cellular therapy to treat HIV infected patients. The timing of issuance of the U.S. patents cannot be predicted. However, once issued, the U.S. patents will be important additions to the patent estate owned or controlled by the Company.

The patent position of biotechnology firms, including Neoprobe, generally is highly uncertain and involves complex legal and factual questions. To date, a consistent and predictable application of United States patent laws regarding the grant and interpretation of patent claims in the area of biotechnology has not evolved. Moreover, the technology

applicable to Neoprobe's monoclonal antibody products is developing rapidly. Patents have been issued to other pharmaceutical, biotechnology, and biopharmaceutical companies in the same area of technology as that used by Neoprobe. In addition, potential competitors may have filed applications for, or may have been issued patents or may obtain additional patents and proprietary rights relating to, products or processes in the same area of technology as that used by Neoprobe. The scope and validity of these patents and applications, the extent to which Neoprobe may be required to obtain licenses thereunder or under other proprietary rights, and the cost and availability of licenses are uncertain. There can be no assurance that Neoprobe's patent applications will result in additional patents being issued or that any of Neoprobe's patents will afford protection against competitors with similar technology; nor can there be any assurance that any of Neoprobe's patents will not be designed around by others or that others will not obtain patents that Neoprobe would need to license or design around. See "Risk Factors - -- Patents, Proprietary Technology and Trade Secrets."

Neoprobe also relies upon unpatented trade secrets. No assurance can be given that others will not independently develop substantially equivalent proprietary information and techniques, or otherwise gain access to Neoprobe's trade secrets, or disclose such technology, or that Neoprobe can meaningfully protect its rights to its unpatented trade secrets. Neoprobe requires its employees, consultants and advisers to execute a confidentiality agreement upon the commencement of an employment or consulting relationship with Neoprobe. The agreement provides that all confidential information developed or made known to the individual during the course of the relationship will be kept confidential and not disclosed to third parties except in specified circumstances. In the case of employees, the agreements provide that all inventions conceived by the individual will be the exclusive property of Neoprobe. There can be no assurance, however, that these agreements will provide meaningful protection for Neoprobe's trade secrets in the event of an unauthorized use or disclosure of such information.

GOVERNMENT REGULATION

The production and marketing of Neoprobe's products and its research and development activities are subject to detailed and substantive regulation by governmental authorities in the United States and other countries. In the United States, drugs, biologic products, and medical devices are regulated by

the FDA. The Federal Food, Drug, and Cosmetic Act (the "FDC Act"), the Public Health Services Act (the "PHS Act"), the respective regulations promulgated thereunder, and other federal and state statutes and regulations, govern, among other things, clinical testing, manufacture, labeling, packaging, marketing, distribution and record keeping in order to ensure that the Company's products are safe and effective for their intended use. Noncompliance with applicable requirements can result in fines, civil penalties, injunctions, suspensions or loss of regulatory approvals, recall or seizure of the Company's products, operating restrictions, import detentions, government refusal to approve product export applications, 510(k)s, PMAs, or BLAs and to allow the Company to enter into supply contracts, and criminal prosecution. The FDA also has the authority to revoke previously granted licenses. See "Risk Factors -- Government Regulation."

The Company's biologic products will require a regulatory license to market by the FDA and by comparable agencies in foreign countries. The process of obtaining regulatory licenses and approvals is costly and time consuming, and the Company has encountered and may continue to encounter delays in the completion of testing for certain proposed products. Future delays could result from, among other things, slower than expected patient enrollment rates, difficulties in analyzing data from clinical trials or in validating manufacturing processes, changes in regulatory requirements, a longer than expected regulatory review process, possible additional analysis and reconciliation of any perceived differences between data generated in Phase I/II and Phase II clinical trials and data generated in Phase III clinical trials or if additional clinical trials are deemed necessary. Certain members of management and significant employees and consultants have had substantial experience in conducting and supervising clinical trials for other pharmaceutical and biomedical companies. However, prior to 1996, the Company had not previously submitted a BLA to the FDA or a dossier to European regulatory agencies for approval of a license to market its products. Even after FDA approval of applicable licenses, use of the Company's products could reveal side effects that, if serious, could result in suspension of existing licenses and delays in obtaining licenses in other jurisdictions. See "Risk Factors -- Government Regulation."

The steps required before a biologic agent may be marketed in the United States include (i) preclinical laboratory and animal testing; (ii) submission to the FDA of an Investigational New Drug ("IND") application, which must become effective before human clinical trials may commence; (iii) adequate and well controlled human clinical trials to establish the safety and efficacy of the biologic for its intended use; (iv) submission of a BLA to the FDA; and (v) FDA approval of these applications.

In May 1996, the FDA promulgated the BLAfor well-characterized biotechnology products subject to licensure under the PHS Act. This new ruling and the Food and Drug Administration Modernization Act of 1997 ("FDAMA") have eliminated the requirement for each manufacturer to hold both the Product License Application ("PLA") and Establishment License Application ("ELA") and have combined these licenses into a BLA. In addition to reviewing information submitted in the BLA, each manufacturing facility must undergo a pre-approval inspection by the FDA to assess its suitability and compliance with GMP and periodic inspections thereafter. Once approved, any significant changes in the manufacturing process, equipment, facilities or product specifications must be pre-approved by the FDA and may require additional clinical data to validate the changes prior to allowing their implementation.

Pre-clinical tests include laboratory and animal studies to assess product characteristics and the potential safety and utility of each product. The results of the preclinical tests are submitted to the FDA as part of an IND application and are reviewed by the FDA prior to the commencement of human clinical trials. Unless the FDA objects to an IND application, the application will become effective 30 days following its receipt by the FDA. There can be no assurance that submission of an IND application will result in FDA allowing the commencement of Neoprobe's clinical trials.

The Company's clinical trials involve the administration of the investigational radiolabeled targeting agent to volunteer cancer patients under the supervision of a qualified principal investigator. These clinical trials are conducted in

accordance with protocols that detail the objectives of the study, the parameters to be used to monitor safety, and the efficacy criteria to be evaluated. Each protocol must be submitted to the FDA as part of the IND application. Further, each clinical study must be conducted under the auspices of an independent institutional review board ("IRB") at the institution at which the study will be conducted. The IRB will consider, among other things, ethical factors, the safety of human subjects, and the possible liability of the institution.

Clinical trials are typically conducted in three sequential phases but the phases may overlap. In Phase I, the targeting agent is initially introduced into human subjects (15-50) and is tested for safety (adverse effects), dosage, distribution, and metabolism. Phase II involves studies in a limited population of patients (50-200) affiliated with a specific disease (i) to determine the preliminary efficacy of the drug for specific, targeted indications; (ii) to determine optimal dosage; and (iii) to identify possible adverse effects and safety risks. When a product is found to be effective and has an acceptable safety profile in Phase II studies, Phase III trials are undertaken to evaluate further clinical efficacy and to test further for safety within an expanded patient population (200-2,000 or more) at geographically dispersed clinical study sites. Before conducting Phase III trials, the FDA must approve Neoprobe's methodology and research goals, which are summarized in a protocol submitted by Neoprobe for FDA consideration. There can be no assurance that the FDA will approve any protocol submitted by Neoprobe in the future or that a Phase III trial will meet FDA data integrity, Good Clinical Practice ("GCP"), or protocol compliance requirements. A Phase III trial must be conducted in compliance with the protocol and GCP regulations to have the requisite data integrity to be accepted by FDA as evidence of safety and effectiveness. Neoprobe or the FDA may suspend clinical trials at any time if it is concluded that the patients are being exposed to an unacceptable health risk, or because of a study design or implementation error. Such suspension may have a material adverse effect on the Company's business, financial condition and results of operations.

The pivotal Phase III clinical studies, on which the FDA bases its evaluation of the safety, efficacy and potency of a biologic product, must be performed using products produced at the manufacturing facilities which are seeking the BLAs. Any significant changes in the conduct of the clinical study, in the manufacturing process or in the facilities during the Phase III clinical trials or after FDA approval likely will require additional clinical studies before they are approved.

The results of the preclinical studies, clinical studies, and other required information are submitted to the FDA in the form of a BLA for approval of the marketing and commercial shipment of the biologic. Neoprobe must pay half the user fee at submission of the BLA (approximately $110,000) and the outstanding amount at the end of the 12-month review cycle. The FDA may refuse to file the BLA and require additional testing before filing the BLA. This and other user fees, though not insubstantial sums, are an insignificant fraction of the cost of developing, testing, seeking and, if successful, obtaining FDA approval of a BLA. The testing and approval process is likely to require substantial time and effort, and there can be no assurance that any approval will be granted on a timely basis, if at all. The FDA may deny a BLA if applicable regulatory criteria are not satisfied, require additional testing or information, or require postmarket testing and surveillance to monitor the safety or efficacy of Neoprobe's products. Notwithstanding the submission of such data, the FDA may ultimately decide that the application does not satisfy its

regulatory criteria for approval. Finally, product approvals may be withdrawn if compliance with regulatory standards is not maintained or if a problem occurs following initial marketing.

The process of completing clinical testing usually takes a number of years and requires the expenditure of substantial resources. Additionally, the length of time it takes for the FDA to evaluate an application for marketing approval varies considerably, as does the amount of preclinical and clinical data required to demonstrate the safety and efficacy of a specific product. The FDA may require additional clinical studies which will take the Company several years to perform. The FDA now takes a minimum of one year to review biologic

applications after filing under the user fee policy. Twelve months after the BLA is received by the FDA, Neoprobe should receive an action letter either approving the BLA, or not approving it and citing deficiencies that must be addressed. No further action will be taken by the FDA until Neoprobe fully responds to the issues in the letter. The length of the review period may vary widely depending upon the nature and indications of the proposed product and whether the FDA has any further questions or requests any additional data. Also, the FDA will require postmarketing reporting and surveillance programs to monitor the side effects of the products. Some of Neoprobe's products may be eligible for accelerated BLA consideration. The FDA may expedite an approval for treatment of a serious and life-threatening disease, if the drug or biologic provides a benefit over existing treatment and meets certain testing objectives. Postmarketing studies would be required and the FDA could restrict distribution of a product receiving accelerated approval to market. There can be no assurance that any of Neoprobe's potential products will be approved by the FDA or approved on a timely or accelerated basis or that any approvals received will not subsequently be revoked or modified. In addition, future regulations and changes in FDA policies could affect Neoprobe's operations or impose additional requirements before products are approved.

Neoprobe submitted a dossier to the European regulatory agencies in May 1996, and a BLA to the FDA in December 1996, for its RIGS product for the detection of metastatic colorectal cancer. In November 1997, Neoprobe Corporation voluntarily withdrew its European Marketing Authorization Application after a decision by the Committee for Proprietary Medicinal Products (CPMP) determined that there was insufficient data to support the clinical utility of the product; additional information has been requested. In December 1997, the FDA issued an action letter to Neoprobe stating that the BLA is "not approvable at this time" and requested a formal response to the deficiencies listed in the letter. This additional information will be submitted in the form of a BLA Amendment. Once a BLA Amendment has been submitted, the FDA has 90 days to review the amendment and issue their action. There is no assurance that the clinical data collected in the Company's Phase III pivotal clinical trials will be sufficient to support FDA approval of a license for RGIScan CR49, or that the FDA will not require additional information and data, including additional clinical studies after reviewing the BLA Amendment. Failure to obtain a BLA and to commence marketing RIGScan CR49 on a timely basis would have an adverse effect on the Company's business, financial condition and results of operations, including but not limited to, jeopardizing the Company's rights under certain of its current or contemplated contractual arrangements for the supply of necessary components of its RIGS system products.

The FDA strictly controls the marketing of any approved biologic product through marketing surveillance and review of all labeling, promotional materials and press releases. Among conditions for BLA approval is the requirement that the prospective manufacturer's quality control and manufacturing procedures conform to GMP, which must be followed at all times. In complying with standards set forth in these regulations, Neoprobe must continue to expend time, funds, and effort to ensure full compliance. If Neoprobe wishes to modify or change its manufacturing process or facility it must seek approval to do so through an amendment to its BLA which may require additional clinical testing.

Even after initial FDA approval has been obtained, further studies may be required to provide additional data on safety and further studies will be required to gain approval for the use of a product as a treatment for a clinical indication other than that for which the product was initially tested. Also, the FDA may require post-marketing testing and surveillance programs to monitor the product's effects. Undesirable side effects resulting from the use of pharmaceutical products may prevent or limit the further marketing of the products.

Neoprobe applied to the FDA to clarify regulatory jurisdiction over the Company's combination RIGS instrument/targeting agent products. The FDA's response was to appoint jurisdiction over the Company's marketing submissions to the center which evaluates the targeting agent. The Company may now submit a BLA (in the case of a biologic such as CC49) or New Drug Application ("NDA") (in the case of a peptide such as lanreotide which is considered a drug), obviating the need for a second separate submission for the instrument. This decision streamlines the review process for the Company's RIGS products by requiring marketing submission to a single FDA evaluation center, the CBER and Center for Drug Evaluation and Research ("CDER").

In addition to regulations enforced by the FDA, the manufacture, distribution and use of Neoprobe's products are also subject to regulation by the Nuclear Regulatory Commission, the Department of Transportation and other federal and state, and local government authorities. Neoprobe and/or its manufacturer of the radiolabeled antibodies must obtain a specific license from the Nuclear Regulatory Commission to manufacture and distribute radiolabeled antibodies as well as comply with all applicable regulations. Neoprobe must also comply with Department of Transportation regulations on the labeling and packaging requirements for shipment of radiolabeled antibodies to licensed clinics, and must comply with federal, state and local governmental laws regarding the disposal of radioactive waste. There can be no assurances that the Company will obtain all necessary licenses and permits and be able to comply with all applicable laws, the failure of which would have a materially adverse effect on the Company's business, financial condition and results of operations.

Before marketing its products in Western Europe, Neoprobe will be required to receive the approval of the European Council or European Commission and the appropriate governmental agencies in each of the respective countries. For marketing outside the United States, Neoprobe is also subject to foreign regulatory requirements governing human clinical trials, pharmaceutical sales and marketing approval of its products. Whether or not FDA approval has been obtained, approval of a product by comparable regulatory authorities of foreign countries must be obtained prior to commencement of manufacturing or marketing of the product in those countries. The requirements governing the conduct of clinical trials, product licensing, pricing, and reimbursement vary widely from country to country; however, foreign procedures are similar to those required by the FDA. Neoprobe intends, to the extent possible, to rely on foreign distributors of its products to manage and obtain regulatory approval for those products.

Instrument Products. The FDA classifies medical devices into one of three classes -- class I, II, or III. This classification is based on the controls necessary to reasonably ensure the safety and effectiveness of the device. Class I devices are those whose safety and effectiveness can reasonably be ensured through general controls, such as labeling, premarket notification (the "510(k)" process), and adherence to FDA-mandated quality system requirements ("QSR"). Class II devices are those whose safety and effectiveness can reasonably be ensured through general and special controls, such as performance standards, postmarket surveillance, patient registries, and FDA guidelines. Class III devices are devices that must receive pre-market approval by the FDA to ensure their safety and effectiveness. They are generally life-sustaining, life-supporting, or implantable devices, and also include devices that are not substantially equivalent to a legally marketed class I or II product or to a class III device for which PMAs have not been called.

If a manufacturer or distributor of medical devices can establish to the FDA's satisfaction that a new device is "substantially equivalent" to a legally marketed reserved class I or class II medical device or to a class III device for which the FDA has not required pre-market approval, the manufacturer or distributor may market the device after clearance of a 510(k) notice. In the 510(k) submission, a manufacturer or distributor makes a claim of substantial equivalence, which the FDA may require to be supported by various types of information, including clinical data showing that the device is as safe and effective for its intended use as the legally marketed predicate device.

Following submission of the 510(k), the manufacturer or distributor may not place the new device into commercial distribution until an order is issued by the FDA finding the new device to be substantially equivalent to a legally marketed predicate device. Congress, under FDAMA, has directed the FDA to complete reviews of 510(k) applications within 90 days. However, the process may take longer for some filings. The FDA may agree with the manufacturer or distributor that the new device is substantially equivalent to another legally marketed device, and allow the new device to be marketed in the United States. The FDA may, however, determine that the new device is not substantially equivalent and require the Company to submit further information, such as additional clinical test data, before it is able to make a determination regarding substantial equivalence, which can substantially delay the market introduction of the product. For a device that is cleared through the 510(k) process, modifications or enhancements that could significantly affect the safety or effectiveness of the device or that constitute a major change to the

intended use of the device will require a new 510(k) submission.

A premarket approval application ("PMA") must be filed if a proposed device is not substantially equivalent to a legally marketed reserved class I or class II device, or if it is a class III device for which the FDA has called for PMAs. The PMA process is much more expensive, uncertain and lengthy than the 510(k) process. A number of devices for which PMA approval has been sought by other companies has never been approved for marketing. A PMA application must be supported by valid scientific evidence which typically includes extensive testing and manufacturing information, including preclinical and clinical trial data, to demonstrate the safety and effectiveness of the device.

FDA review and approval of a PMA may take up to 180 days and possibly longer, and typically includes review by an outside advisory panel of experts. Further, if a company wishes to propose modifications to the product subsequent to FDA clearance, including changes in indications or other significant modifications to labeling, or modifications to the manufacturing process, or if a company wishes to change its manufacturing facility, a new PMA application or supplement must be submitted to the FDA for review and approval.

The Neoprobe 1000 instrument received 510(k) clearance in December 1986, and modified versions received 510(k) clearance in June 1992 and February 1995. In February 1998, the FDA reclassified "nuclear uptake detectors" as being exempt from the 510(k) (premarket notification) process. Neoprobe must continue to manufacture the devices under QSR and maintain appropriate technical files; however, Neoprobe will not need to submit 510(k) applications for modifications to the Neoprobe device. The FDA has indicated that the Company must obtain PMA approval to market its laparoscopic probe, which currently is undergoing preclinical animal testing. The Company intends to seek permission from the FDA for a clinical trial to evaluate a laparoscopic version of the RIGS system. There can be no assurance that the FDA would grant permission for such a trial, or that the trial would proceed in a timely fashion, if at all. It is uncertain whether the FDA would require PMA approval or 510(k) clearance for the Company's other proposed RIGS instrument products. In addition, any PMA or 510(k) submission for a proposed instrument for use with a RIGS targeting agent may be required to be submitted to CBER or CDER as a combination product, as described above.

The FDA also requires that Neoprobe's instrument products be manufactured in compliance with the QSR regulations which governs the procedures, processes, controls, and documentation used in manufacturing Neoprobe's products. The FDA ensures QSR compliance through periodic facility inspections. Accordingly, manufacturers must commit ongoing substantial resources to maintaining a high level of compliance with QSR. In addition, Neoprobe's promotional and educational activities regarding its diagnostic instrument products must comply with evolving FDA policies and regulations regarding acceptable device product promotion practices.

There can be no assurance that Neoprobe will receive marketing clearance for any of its future products or that its clinical data or its manufacturing facilities will continue to satisfy FDA regulatory requirements. In addition, the manufacture, sale and use of Neoprobe's products are also subject to regulation by other federal entities, such as the Occupational Safety and Health Agency, the Nuclear Regulatory Commission and the Environmental Protection Agency, and by various state agencies. Federal and state regulations regarding the manufacture, sale, and use of Neoprobe's products are subject to future change, which changes could have a material adverse effect on Neoprobe's business, financial condition, and results of operations. Promotion and advertising of the products are limited to indications for which FDA clearance has been obtained, and there can be no assurance that the FDA will find that all claims made for Neoprobe products are cleared or exempt claims.

RIGS/ACT. RIGS/ACT will be regulated by a new FDA division specifically established to review and approve cellular and gene therapies. This newly created division within the Center for Biologics Evaluation and Research will require IND and BLA applications similar to biologics. However, since these are new therapies, the FDA has had limited experience and continues to develop guidance in this therapy product area. To date, all cellular and gene therapies are in the investigational stage. None of the therapies has yet reached the

commercial clearance phase of FDA review. Accordingly, no precedents have been established. There can be no assurance that the FDA's lack of experience in this area will not cause additional delays or that Neoprobe will be successful in meeting all evolving regulatory requirements. The Company has completed Phase I/II feasibility studies of RIGS/ACT and initiated a Phase II study to further assess the safety and potential effectiveness of RIGS/ACT. Although the Company intends, based upon the results of this study, to seek to begin a pivotal clinical trial of RIGS/ACT for a colorectal cancer indication, there can be no assurance that the FDA will grant permission for such a trial, that the trial will proceed in a timely fashion, if at all, or that the outcome will support the submission of a BLA.

Manufacturing. In addition to obtaining FDA approval for each product, each manufacturing establishment for biological products must be inspected and approved by the FDA prior to approval of the BLA to market the product. Among the conditions for such approval is the requirement that the prospective manufacturer's quality control and manufacturing procedures conform to the FDA's GMP regulations, which must be followed at all times. In complying with standards set forth in these regulations, manufacturers must continue to expend time, money, and effort in the area of production and quality control to ensure full compliance. In October and November 1997, the FDA conducted pre-market inspections at Neoprobe's manufacturing sites in Lund, Sweden, and Groningen, The Netherlands. A Form 483 (List of Observations) was issued to both facilities after the completion of the inspections. Response to all observations listed on the Form 483's have been sent to the FDA and the Company believes they will be successfully resolved and will not be a barrier to approval.

COMPETITION

Neoprobe faces competition from biotechnology, pharmaceutical and chemical companies as well as from universities and other non-profit research organizations in the field of cancer diagnostics and treatment. Many emerging biotechnology companies have corporate partnership arrangements with large, established companies to support the research, development and commercialization of products that may be competitive with those of Neoprobe. In addition, a number of large established companies are developing proprietary technologies or have enhanced their capabilities by entering into arrangements with or acquiring companies with proprietary antibody technology or other technologies applicable to the detection or treatment of cancer. Many of Neoprobe's existing or potential competitors have substantially greater financial, research and development, regulatory, marketing and production resources than those of Neoprobe. In addition, certain of these companies have extensive experience in preclinical testing and human clinical trials. Other companies may develop and introduce products and processes competitive with or superior to those of Neoprobe. Further, the development by others of new cancer diagnostic or treatment methods not based on monoclonal antibodies, improvements in monoclonal antibody technology, or the development of a cure or vaccine for cancer could render Neoprobe's technology and products under development noncompetitive or obsolete. See "Risk Factors -- Competition" and "-- Risk of Technological Obsolescence."

For Neoprobe's products, an important factor in competition may be the timing of market introduction of its products or those of its competitors products. Accordingly, the relative speed with which Neoprobe can develop products, complete the clinical trials and approval processes and supply commercial quantities of the products to the market will be an important competitive factor. Neoprobe believes that the RIGS system will offer a cancer diagnostic and treatment alternative or complementary method to currently available and reasonably foreseeable developing technologies in many cases. Neoprobe expects that competition among products approved for sale will be based, among other things, on product efficacy, safety, reliability, availability, price and patent position.

Neoprobe believes that, given currently available technologies, the principal sources of competition likely to be faced by its proposed products will be preoperative diagnostic techniques such as Computed Tomographic ("CT") scans, Magnetic Resonance Imaging ("MRI") and immunoscintigraphy. Both CT and MRI are widely available and used by a large number of physicians. However, neither of

those technologies can distinguish malignant from non-malignant tissue. Several of Neoprobe's principal competitors are biotechnology-based companies that are developing products for immunoscintigraphy. The antibody products developed by these companies use high-energy gamma-emitting isotopes, as compared to the much lower energy gamma-emitting isotope used by Neoprobe. These companies have received approval or filed marketing applications for colorectal, ovarian, small cell lung, melanoma and breast cancer external imaging products. Although immunoscintigraphy can distinguish malignant from non-malignant tissue, none of the external imaging technologies is effective in consistently identifying tumors smaller than one centimeter or in precisely locating the site of a tumor. Such technologies only indicate that cancer may be present within a general area. Radiolabeled antibody products for use with immunoscintigraphy for recurrent colorectal cancer patients have already been approved by regulatory authorities in Europe and the United States. While Neoprobe views immunoscintigraphy to be complementary to the RIGS technology because immunoscintigraphy involves a preoperative diagnostic procedure, some physicians may choose to use the preoperative information provided by immunoscintigraphy in lieu of obtaining the information provided by the intraoperative RIGS technology. If a significant number of physicians choose to use immunoscintigraphy or another diagnostic procedure in lieu of the RIGS technology, Neoprobe's ability to generate commercial revenues, if any, could be adversely affected.

The Company is aware of companies that have developed technology which harnesses light to treat cancer cells called photodynamic therapy. This technology uses agents that target cancer and make the diseased cells vulnerable to laser or other light sources . The Food and Drug Administration recently approved one photosensitizer called Photofrin developed by QLT Phototherapeutics Inc. for the treatment of advanced esophageal cancer and early lung cancer. The Company is aware that this technology is being tested in clinical studies for other forms of cancer. The drawback to phototdynamic therapy is that the effectiveness may be limited to only relatively shallow tumors. Therefore, the Company does not believe that this technology will replace surgery as the primary method for treating most solid tumor cancers.

The Company believes that ultrasound imaging technology is the only other intraoperative technology, which may be capable of detecting tumors during surgery The ultrasound imaging technology is currently approved for use in the United States and is used by surgeons for the detection of tumors, but is limited to almost exclusively detecting tumors in the liver.

EMPLOYEES

As of March 6, 1998, Neoprobe, including Neoprobe Europe and Neoprobe (Israel), had 91 full-time and seven part-time employees. Eleven employees hold Ph.D. degrees and four hold M.D. degrees. Neoprobe considers its relations with its employees to be satisfactory.

RISK FACTORS

The discussion in this Report contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ significantly from the prospects discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Government Regulation

The Company's biologic products will require a regulatory license to market by the FDA and by comparable agencies in foreign countries. Various federal, state and foreign statutes also govern or influence the manufacture, safety, labeling, storage, record keeping and marketing of such products. The process of obtaining regulatory licenses and approvals is costly, time consuming, and prone to unexpected delay. The Company has encountered and may continue to encounter delays in the completion of testing or in the application process for certain proposed products. Future delays could result from, among other things, a longer than expected regulatory review process, and possible additional analysis and reconciliation of any perceived differences between data generated in Phase I/II

and Phase II clinical trials and data generated in Phase III clinical trials, slower than expected patient enrollment rates, difficulties in analyzing data from clinical trials or in validating manufacturing processes and changes in regulatory requirements. Certain members of management and significant employees and consultants have had substantial experience in conducting and supervising clinical trials for other pharmaceutical and biomedical companies. However, prior to 1996, the Company had not submitted a BLA to the FDA or a dossier to European regulatory agencies for approval of a license to market its products. There can be no assurance that clinical data collected in the Company's pivotal Phase III trials will be sufficient to support approval of licenses for the Company's products or that the FDA or European regulatory agencies will not require additional information and data, including additional clinical studies, or refuse to file the application for substantive review. Failure to obtain these licenses and to commence commercial marketing on a timely basis could jeopardize the Company's rights under certain of its current or contemplated contractual arrangements for the supply of necessary components of its RIGS system products and would have a material adverse effect on the Company's business, financial condition and results of operations. Moreover, foreign and domestic approvals, if granted, may include significant limitations on uses of the products. Further, even if such regulatory approval is obtained, use of the Company's products could reveal side effects that, if serious, could result in suspension of existing licenses and delays in obtaining licenses in other jurisdictions. A marketed product, manufacturer and manufacturing facilities are subject to continual review and periodic inspections, and later discovery of previously unknown problems with a product, manufacturer or facility may result in restrictions on such product or manufacturer, including withdrawal of the product from the market. Noncompliance with applicable governmental requirements can result in import detentions, fines, civil penalties, injunctions, suspensions or loss of regulatory approvals, recall or seizure of the Company's products, operating restrictions, government refusal to approve product export applications or to allow the Company to enter into supply contracts, and criminal prosecution. Additional governmental regulation may be established which could prevent or delay regulatory approval of the Company's products. Any delays or failure to receive required approvals or limiting conditions on approvals could materially adversely affect the Company's business, operating results and financial condition. See "-- Government Regulation."

In addition to regulations enforced by the FDA, the manufacture, distribution and use of Neoprobe's products are also subject to regulation by the Nuclear Regulatory Commission, the Department of Transportation and other federal, state and local government authorities. Neoprobe and/or its manufacturer of the radiolabeled antibodies must obtain a specific license from the Nuclear Regulatory Commission to manufacture and distribute radiolabeled antibodies as well as comply with all applicable regulations. Neoprobe must also comply with Department of Transportation regulations on the labeling and packaging requirements for shipment of radiolabeled antibodies to licensed clinics, and must comply with federal, state and local governmental laws regarding the disposal of radioactive waste. There can be no assurance that the Company will be able to obtain all necessary licenses and permits and be able to comply with all applicable laws. The failure to obtain such licenses and permits or to comply with applicable laws would have a materially adverse effect on the Company's business, financial condition and results of operations.

Development Stage Company; No Commercialized Products

The Company is still in the development stage and has not received approval to market any of its products for the detection of cancer, except in the Republic of South Korea. However, the Company has received clearance to market the Neoprobe 1500 instrument for use as a radioisotope detector only for use with approved radiopharmaceuticals, none of which currently are Neoprobe's products. To date, the Company has completed a Phase III clinical trial with the Company's lead product, RIGScan CR49, for the surgical detection of metastatic and recurrent colorectal cancer in both the United States and Europe. The Company filed marketing applications for this product with regulatory agencies in Europe in May 1996 and with the FDA in December 1996. In November 1997, the Company withdrew its application from the EMEA as a result of additional requests for information from the CPMP. In addition, in December 1997, the FDA's CBER completed its review of data submitted by the Company for it's product and determined that additional information must be provided before it

can further consider the approval of the Company's product. Enrollment of patients in a separate Phase III clinical study for primary colorectal cancer has been completed in the United States and in Europe. Substantial clinical and statistical analysis of the data collected from the clinical trials of this product and substantial clinical trials of the Company's other products must be completed before submissions can be made to appropriate regulatory authorities. Such analysis and trials require substantial financial and management resources and could require more time than is currently estimated. There can be no assurance that the Company will be able to conclude successfully the clinical tests or development of any of its proposed products within the Company's expected time frame and budget, if at all, or that the Company's products will prove to be safe and effective in clinical trials. There also can be no assurance that the Company will be able to obtain governmental approval for the commercial marketing and sale of any of its proposed products. If the Company is unable to conclude successfully the clinical tests or if the RIGS system does not prove to be safe and effective, or if the Company does not obtain governmental approval or is otherwise unable to commercialize the RIGS system successfully, the Company's business, financial condition and results of operations will be materially adversely affected and could result in the cessation of the Company's business. See"--Clinical Research."

Limited Revenues; Continuing Net Losses; Accumulated Deficit

The Company's limited history of operations, the nature of its business, and the governmental approval process make the prediction of future operating results difficult and highly unreliable. The Company's business, therefore, must be evaluated in light of the risks, expenses, delays and complications normally encountered by development-stage companies in the highly competitive, highly regulated biomedical industry, which is characterized by a high rate of failure. Since its inception in 1983, the Company has been primarily engaged in research and development of the RIGS technology. The Company has experienced significant operating losses in each year since inception, and had an accumulated deficit of approximately $87.4 million as of December 31, 1997. For the years ended December 31, 1995, 1996 and 1997, the Company's net losses were $10.8 million, $21 million, and $23.2 million, respectively. The Company expects operating losses to continue as research and development and clinical trial efforts continue, and until the Company receives marketing approval for its first biologic product. The Company's ability to achieve profitable operations is dependent upon obtaining regulatory approval of its products and making the transition to a revenue generating company. There can be no assurance that the Company will ever achieve a profitable level of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Future Capital Needs; Uncertainty of Capital Funding

To date, the Company's capital requirements have been significant. The Company has depended on the proceeds of sales of its securities and other financing vehicles to continue clinical testing of its proposed products and to fund its working capital requirements. The Company believes that the funds it has on hand, coupled with cash anticipated to be generated through implementation of certain operating strategies, will be adequate to satisfy its cash needs through the end of 1999. Obtaining approvals to market is costly and time consuming and the Company may require significant funds in addition to its current cash resources to sustain its operations and to obtain regulatory approval to commercialize any of its proposed products. No assurance can be given that the necessary additional financing will be available to the Company on acceptable terms, if at all, or that would not result in further dilution to the holders of the Company's equity securities. The Company's ability to raise additional financing may be dependent on many factors beyond the Company's control, including the state of capital markets, the development or prospects for development of competitive technology by others, and the rate of progress of the Company's clinical trials. If additional funding is unavailable to the Company when needed, the Company will be required to curtail significantly one or more of its research and development programs and the Company's business and financial

condition will be materially adversely affected. See "Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations --

Liquidity and Capital Resources."

Patents, Proprietary Technology and Trade Secrets

The Company's success depends, in part, on its ability to secure patent protection and maintain trade secret protection, and on its ability to operate without infringing on the patents of third parties. The Company holds 15 United States patents, including U.S. Patent No. 4,782,840, which relates to the RIGS system surgical method and holds one additional patent jointly with OSURF. The Company has filed applications for certain additional United States and foreign patents. There can be no assurance, however, that the patents for which the Company has applied will be issued to the Company. Moreover, the Company believes that some of the technology it develops will not be patentable in certain foreign markets. There can be no assurance that any of the Company's patents or patent applications will not be challenged, invalidated, or circumvented in the future. In addition, there can be no assurance that competitors, many of which have substantially more resources than the Company and have made substantial investments in competing technologies, will not seek to apply for and obtain patents that will prevent, limit, or interfere with the Company's ability to make, use, or sell its products either in the United States or internationally. Furthermore, the patent positions of biotechnology firms, including the Company, are highly uncertain and involve complex legal and factual questions. To date, a consistent and predictable application of United States patent laws regarding the grant and interpretation of patent claims in the area of biotechnology has not evolved. Due to these uncertainties, the probability of challenges, invalidations, and circumventions is higher than in technologically and legally stable fields.

Patent applications in the United States are maintained in secrecy until patents issue, and patent applications in foreign countries are maintained in secrecy for a period after filing. Publications of discoveries in the scientific or patent literature tend to lag behind actual discoveries and the filing of related patent applications. Patents issued and patent applications filed relating to medical devices are numerous and there can be no assurance that current and potential competitors and other third parties have not filed or will not file in the future applications for, or have not received or in the future will not receive, patents or obtain additional proprietary rights relating to products or processes used or proposed to be used by the Company. The Company also relies upon trade secrets, technical know-how, and continuing technological innovation to develop and maintain its competitive position. The Company typically requires its employees, consultants, and advisors to execute confidentiality and assignment of inventions agreements in connection with their employment, consulting, or advisory relationships with the Company. There can be no assurance, however, that these agreements will not be breached or that the Company will have adequate remedies for any breach. Further, there also can be no assurance that others will not gain access to the Company's trade secret information or independently develop or acquire the same or equivalent trade secret information. Certain of the research activities relating to the development of antibody technology that may be components of the Company's proposed RIGS system technology products were conducted by agencies of the United States government. When the United States government participates in research activities, it retains certain rights that include the right to use the technologies for governmental purposes under a royalty-free license, as well as rights to use and disclose technical data and computer software that could preclude the Company from asserting trade secret rights in that data and software.

The Company has not been notified by any third party that the Company's products and procedures infringe any valid, enforceable claim of any patent owned by others. Any such claim, however, whether with or without merit, could be time-consuming and expensive to respond to and could divert the Company's technical and management personnel. The Company may become involved in litigation to defend against claims of infringement made by others, to enforce patents issued to the Company, or to protect trade secrets of the Company. If any relevant claims of third-party patents are upheld as valid and enforceable in any litigation or administrative proceeding against the Company, it could be prevented from practicing the subject matter claimed in such patents, or would be required to obtain licenses from such patent owners, or to redesign its products and processes to avoid infringement. There can be no assurance that the Company will be able to obtain acceptable licenses or rights, if at all, to other patents which the Company deems necessary for its operations. Accordingly, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could prevent the Company

from manufacturing and selling its products, which would have a material adverse effect on the Company's business, financial condition, and results of operations. The Company intends to vigorously protect and defend its intellectual property. Costly and time-consuming litigation brought by the Company may be necessary to enforce patents issued to the Company, to protect trade secrets or know-how owned by the Company, or to determine the enforceability, scope, and validity of the proprietary rights of others. See "-- Patents and Proprietary Rights" and "-- Competition."

Limited Marketing Experience

The Company has limited experience in sales, marketing or distribution of any of its products. In order to commercialize its products, the Company may need to enter into one or more agreements providing for the marketing of the RIGS products by third parties. Although the Company has engaged in discussions with third parties, no agreements are in force related to the marketing of RIGS products in North America or Europe, and there can be no assurance that the Company will be able to enter into marketing agreements on terms favorable to the Company.

In September 1996, the Company executed a License and Distributorship Agreement ("Agreement") with the United States Surgical Corporation ("USSC"). Effective October 17, 1997, the Company and USSC agreed to terminate the Agreement, as amended. In connection with the termination, after receipt of payment, the Company agreed to pay USSC net commissions on orders received prior to the effective date of the termination and to continue to warranty and service devices sold under the terms of the Agreement. The parties have also agreed to discharge and release the other from all remaining claims and financial obligations relating to the Agreement, including license fees.

If the Company is unable to secure one or more agreements with third parties for the marketing of its proposed products, the Company will have to perform such marketing function itself, a function which the Company has not undertaken in the past. There can be no assurance that the Company could market its products successfully in the future. In such event, the Company's business, operating results and financial condition could be materially adversely affected.

Limited Manufacturing Capacity and Experience

To date, the Company's manufacturing activities have consisted primarily of manufacturing limited quantities of products for use in clinical trials. In order to achieve financially self sustaining operations, the Company must manufacture its RIGS products, including targeting agents, in commercial quantities at an acceptable cost. If the Company scales up manufacturing its products, there can be no assurance that the Company will not encounter difficulties such as problems involving product yields, quality control and assurance, supplies of components, and shortages of qualified personnel. Moreover, in order to assemble, complete, package and distribute its RIGS products in commercial quantities, the Company will have to maintain a current GMP facility to manufacture its products or engage independent contractors to manufacture such products. The GMP facility will have to adhere to GMP regulations and to guidelines enforced by the FDA and other regulatory agencies through their facilities inspection programs. If such an inspection by the FDA or another regulatory agency results in a requirement for additional modifications to the facility, the Company's ability to manufacture its products could be adversely affected. There can be no assurance that the Company will be able to engage independent contractors or develop and maintain a GMP facility at a cost acceptable to the Company. See "-- Manufacturing."

The Company uses or relies on certain components and services used in its devices that are provided by sole source suppliers. Although the Company has identified primary and alternative vendors, the qualification of additional or replacement vendors for certain components or services is a lengthy process. Any significant supply interruption would have a material adverse effect on the Company's ability to manufacture its products and, therefore, a material adverse effect on its business, financial condition, and results of operations.

The Company expects to manufacture its products based on forecasted product

orders. Lead times for materials and components ordered by the Company vary significantly, and depend on factors such as the business practices of the specific supplier, contract terms, and general demand for a component at a given time. Certain components used in the Company's products have long lead times. As a result, there is a risk of excess or inadequate inventory if orders do not match forecasts.

Dependence upon Principal Product Line; Uncertainty of Market Acceptance

The Company's future success is dependent upon obtaining regulatory approvals to market, and achieving market acceptance of, the Company's proposed RIGS products, which represent the Company's principal proposed product line. There can be no assurance that the Company will receive approval to market any of its RIGS products from the appropriate regulatory authorities. Moreover, achieving market acceptance for the RIGS products, if approved, will require significant efforts and expenditures to create awareness and demand for the RIGS products by surgeons, nuclear medicine departments of hospitals, oncologists and, possibly, cancer patients. Widespread use of the Company's RIGS products would require the training of numerous physicians, and the time required to complete such training could result in a delay or dampening of market acceptance. There can be no assurance that the Company's initial proposed commercial products, RIGS products for colorectal cancer, or any other proposed products will become standard surgical procedure or even generally accepted medical practice, or that the Company will achieve any market penetration. In addition, purchase decisions are greatly influenced by health care administrators who are subject to increasing pressures to reduce costs. Healthcare administrators must determine that the Company's products are cost-effective alternatives to current means of tumor detection. The failure to obtain governmental approvals or achieve significant market acceptance for such products would have a materially adverse effect on the Company's business, financial condition and results of operations. See "-- Marketing and Distribution ."

No Assurance of Continued Rights to Targeting Agents; Royalty Payments

Targeting agents, such as monoclonal antibodies or peptides which are able to bind specifically to tumor antigens or receptors, are essential to the Company's technology and the Company's ultimate success. The targeting agents used by the Company in its research and clinical studies and as components of its proposed RIGS products are the patented or proprietary technology of others. The Company must purchase the rights to those targeting agents or must obtain rights to use them through license agreements with their owners. There can be no assurance that such arrangements will continue or that they will continue on terms acceptable to the Company. Furthermore, license agreements typically impose obligations to diligently develop commercial products and to pay royalties on those products. Failure to perform such obligations may lead to the termination of such license agreements. Loss of the Company's rights to targeting agents for any reason (including, in the case where the Company is a sublicensee of the targeting agents, a breach by a sublicensor under its agreement with the owner of a targeting agent) or the inability to obtain necessary rights on acceptable terms could have a material adverse effect on the Company's business, financial condition and results of operations. Moreover, there can be no assurance that improved targeting agents will not be developed by other entities for which the Company will be required to seek additional license arrangements. If such licenses cannot be readily obtained, the Company could encounter delays in product market introductions or could find that the development, manufacture or sale of products requiring such licenses could be foreclosed, which could have a material adverse impact on the Company's business, operating results and financial condition. Upon commercialization of the Company's products, the Company will be required to make royalty payments pursuant to its existing and contemplated license agreements which could adversely impact the Company's operating results. See "-- License and Technology Agreements."

Competition

The biotechnology industry is characterized by intense competition. Many companies, research institutes and universities are working in a number of pharmaceutical or biotechnology disciplines similar to the Company's field of interest. In addition, many companies are engaged in the development of or

currently offer products which may be or are competitive with the Company's proposed products. Most of these entities have substantially greater financial, technical, manufacturing, marketing, distribution or other resources than the Company. Competing tumor detection technologies include CT, MRI and, more recently, immunoscintigraphy. The Company may compete against a number of these companies including: Cytogen Corp., Immunomedics Inc. and NeoRx Corp. One or more of these or other companies could also design and develop products that compete directly with the Company's products, in which case the Company would face intense competition. Such competition could have a material, adverse effect on the Company's business, financial condition and results of operations. The Company is aware that other research and testing is being conducted in Western Europe in connection with the use of radiolabeled targeting agents and radiation-detection probes. There can be no assurance that one or more of these or other companies will not develop technologies that are more effective or less costly than the Company's products, or that would otherwise render the Company's products and technology non-competitive or obsolete. Such technologies would have a material adverse effect on the Company's business, financial condition and results of operations.

Any product developed by the Company that gains regulatory approval will have to compete for market acceptance and market share. An important factor in such competition may be the timing of market introduction of competitive products. Accordingly, the relative speed with which the Company can develop products, complete clinical testing and regulatory approval processes, gain reimbursement acceptance and supply commercial quantities of the product to the market is expected to be an important competitive factor. In addition, the Company believes that the primary competitive factors in the market for tumor detection products are safety, efficacy, ease of delivery, reliability, innovation and price. The Company also believes that physician relationships and customer support are important competitive factors. There can be no assurance that the Company can achieve or maintain a competitive position or that the Company's intraoperative detection products for the treatment of cancer will be introduced or marketed in a timely fashion or that any such products will achieve significant market acceptance. In such event, the Company's business, operating results and financial condition could be materially adversely affected. See "-- Competition."

Limited Third Party Reimbursement

The Company's products will be marketed to hospitals and other users that bill various third party payers, including government programs, such as federal Medicare and state Medicaid, and private insurance plans, for the health care services provided to their patients. Third party payers carefully review and are increasingly challenging the prices charged for medical products and services. Although the Company intends to establish the prices for its products according to criteria believed to be acceptable to third party payers, there can be no assurance that such payers will

not deny reimbursement on the basis that the Company's products are not in accordance with established payer policies regarding cost effective treatment methods, or on some other basis. There can be no assurance that the Company would be able to provide economic and medical data to overcome any third party payer objections.

In foreign markets, reimbursement is obtained from a variety of sources, including governmental authorities, private health insurance plans, and labor unions. In most foreign countries, there are also private insurance systems that may offer payments for alternative therapies. Although not as prevalent as in the United States, health maintenance organizations are emerging in certain European countries. The Company may need to seek international reimbursement approvals, although there can be no assurance that any such approvals will be obtained in a timely manner or at all. Failure to receive international reimbursement approvals could have an adverse effect on market acceptance of the Company's products in the international markets in which such approvals are sought.

There can be no assurance, as to either United States or foreign markets, that third party reimbursement and coverage of newly approved products will be available or adequate, that current reimbursement policies of third party

payers will not be decreased in the future or that future legislation, regulation, or reimbursement policies of third party payers will not otherwise adversely affect the demand for the Company's products or its ability to sell its products on a profitable basis. If third party payer coverage or reimbursement is unavailable or inadequate, the Company's business, financial condition, and results of operations could be materially adversely affected. See "-- Marketing and Distribution."

Risk of Technological Obsolescence

The medical device industry is characterized by rapid and significant technological change. There can be no assurance that third parties will not succeed in developing or marketing technologies and products that are more effective than those developed or marketed by the Company or that would render the Company's technology and products obsolete or noncompetitive. Additionally, new surgical procedures and medications could be developed that replace or reduce the importance of current procedures that use the Company's products. Accordingly, the Company's success will depend in part on its ability to respond quickly to medical and technological changes through the development and introduction of new products. Product development involves a high degree of risk and there can be no assurance that the Company's new product development efforts will result in any commercially successful products. In such event, the Company's business, operating results and financial condition could be materially adversely affected. See "-- Competition."

Possible Volatility of Stock Price

The market price of the shares of Common Stock of the Company, like that of the securities of many other biotechnology companies, has been and is likely to continue to be highly volatile. For example, the closing price for shares of the Company's Common Stock for the last two years has been as high as $22 and as low as $4.00. Factors such as the results of preclinical and clinical trials by the Company or its competitors, other evidence of the safety and efficacy of the Company's or competitors' products, announcements of technological innovations or new commercial products by the Company or its competitors, changes in securities analysts' estimates or recommendations, governmental regulation, developments in patent or other proprietary rights of the Company or its competitors, and fluctuations in the Company's operating results may have a significant effect on the market price of the Common Stock. In addition, the stock market has experienced and continues to experience extreme price and volume fluctuations which have affected the market price of many biotechnology companies and which have often been unrelated to the operating performance of these companies. These broad market fluctuations, as well as general economic and political conditions, may adversely affect the market price of the Common Stock. The Company has more than 22.7 million shares of Common Stock outstanding, almost all of which are freely tradable. See "Item 5. Market for Common Equity and Related Stockholders Matters."

Anti-Takeover Provisions; Blank Check Preferred Stock

The Company has adopted a stockholder rights plan. Certain provisions of the stockholder rights plan and certain of the Company's charter provisions and applicable corporate laws could be used to hinder or delay a takeover bid for the Company. Such provisions may inhibit takeover bids and decrease the chance of stockholders realizing a premium over market price for their Common Stock as a result of a takeover. The Company's Certificate of Incorporation authorizes the issuance of "blank check" preferred stock with such designations, rights, preferences and restrictions as may be determined from time to time by the Board of Directors, 500,000 shares of which have been designated as Series A Junior Participating Preferred Stock and reserved for issuance pursuant to the Company's stockholder rights plan. If the Company issues Preferred Stock, the issuance could be used to thwart a takeover bid and may have a dilutive effect upon the Company's common stockholders.

Product Liability

The testing, marketing and sale of the Company's proposed products could expose the Company to liability claims. The Company currently has product liability insurance which, the Company believes, is adequate for its current activities There can be no assurance, however, that the Company will be able to continue to obtain such additional insurance at a reasonable cost, if at all, or that such insurance would be sufficient to cover any liabilities resulting from any product liability claims or that the Company will have funds available to pay

any claims over the limits of its insurance. Either an underinsured or an uninsured claim could have a material adverse effect on the Company's business, operating results and financial condition.

Dependence on Key Personnel; Ability to Attract New Personnel; Possible Conflicts of Interest

John L. Ridihalgh and David C. Bupp are key employees of the Company and the loss of the services of either one of them could substantially delay the achievement of the Company's goals. The Company carries "key man" life insurance with a death benefit of $1.0 million on each of them. The Company has entered into employment agreements with each of these individuals pursuant to which, among other things, these individuals have agreed not to compete with the Company for specified periods. The Company's success is dependent on its ability to attract and retain additional technical and management personnel with expertise in several technical and scientific disciplines and experience in the regulatory approval process. The competition for qualified personnel in the biomedical industry is intense and, accordingly, there can be no assurance that the Company will be successful in hiring or retaining the requisite personnel. In addition, the Company will rely on certain of its non-employee directors and members of its Scientific Advisory Board to assist the Company in formulating and pursuing its research and commercialization strategy. These directors and members of the Scientific Advisory Board are and will be employed by entities other than the Company and may serve as directors of or have a commitment to or consulting or advisory contracts with other entities, including potential competitors of the Company. Although the Company has confidentiality agreements with these directors and with each member of its Scientific Advisory Board, conflicts of interest may arise between those persons and the Company, which conflicts may not necessarily be resolved in favor of the Company. See "Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act."

Need to Manage a Changing Business

In order to compete effectively against current and future competitors, complete clinical trials in progress, prepare additional products for clinical trials, and develop future products, the Company believes that it must continue to expand its operations, particularly in the areas of research and development, manufacturing and marketing. If the Company were to experience significant growth in the future, such growth would likely result in new and increased responsibilities for management personnel and place significant strain upon the Company's management, operating and financial systems and resources. To accommodate such growth and compete effectively, the Company must continue to implement and improve information systems, procedures and controls, and to expand, train, motivate, and manage its work force. The Company's future success will depend to a significant extent on the ability of its current and future management personnel to operate effectively. There can be no assurance that the Company's personnel, systems, procedures and controls will be adequate to support the Company's future operations. Any failure to implement and improve the Company's operational, financial, and management systems or to expand, train, motivate or manage employees could have a material adverse effect on the Company's business, financial condition and results of operations. See "-- Dependence on Key Personnel; Ability to Attract New Personnel; Possible Conflicts of Interest" and "Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act."

No Dividends

The Company has never paid dividends on its Common Stock. The Company intends to retain any future earnings to finance its growth. Accordingly, any potential investor who anticipates the need for current dividends from its investment should not purchase any of the Common Stock offered hereby. See "Item 5. Market for Common Equity and Related Stockholders Matters."

ITEM 2. DESCRIPTION OF PROPERTY

The Company currently leases its office at 425 Metro Place North, Dublin, Ohio. The Company executed a lease agreement, commencing on January 1, 1997 and ending in May 2003, with the landlord of these facilities for approximately 31,400 square feet. The lease provides for a base rent of approximately $20,750 in the first year of the lease and increases to $26,350 in the last year of the lease. The Company must also pay a portion of the building operating and real estate taxes of the building. Neoprobe believes these facilities are in good condition and will be adequate for its needs for the foreseeable future.

Neoprobe's wholly-owned subsidiary, Neoprobe Europe currently leases office and production facilities in Lund, Sweden, which occupy approximately 16,500 square feet. The lease is for a term of approximately five years commencing July 1, 1996 and provides for a base rent of approximately $32,000 per month (subject to annual increases based on the Swedish consumer price index). The lease is automatically extended for an additional period of five years each unless notice of termination is given 18 months before the end of the lease. Neoprobe believes these facilities are in good condition and will be adequate for its needs for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

In June 1996 a lawsuit against the Registrant was terminated by dismissal. The Registrant was named as an additional party defendant in the In Re Blech Securities litigation pending in the United States District Court for the Southern District of New York before Judge Robert Sweet in March 1995. The plaintiffs were eight named individuals who were alleged to be representatives of a class of securities purchasers. The defendants included David Blech, who was a principal stockholder of the Registrant until September 1994, Mark Germain, who was a director of the Registrant until September 1994, D. Blech & Co., a registered broker-dealer owned by Mr. Blech, trustees of certain trusts established by Mr. Blech, Bear Stearns & Co., Baird Patrick & Co., Parag Saxena and Chancellor Capital Corp., as well as the Registrant and 10 other corporations of which Mr. Blech was a principal stockholder (the "Corporate Defendants"). The complaint alleged that David Blech and D. Blech & Co. conducted a scheme intended to artificially inflate the prices of securities issued by corporations Mr. Blech controlled; that Mr. Blech, D. Blech & Co. and corporations controlled by Mr. Blech gave or sold cheap stock to fund managers in order to induce them to participate in this scheme; and that David Blech, his trusts, D. Blech & Co., Baird Patrick, Bear Stearns, the Corporate Defendants and unnamed other persons engaged in sham transactions, including "round trip" sales, for the purpose of artificially inflating trading volumes and securities of corporations controlled by Mr. Blech and maintaining their trading prices. The complaint alleged that David Blech was the controlling person and Mark Germain was a director of the Corporate Defendants and that the knowledge and participation of Messrs. Blech and Germain in the alleged scheme were the responsibility of the Corporate Defendants. The complaint also alleged that the Corporate Defendants actively engaged in the alleged scheme and benefited from it. The complaint further alleged that all of the defendants engaged in a conspiracy to manipulate the market and failed to disclose truthful information about the true value of securities issued by corporations controlled by Mr. Blech. The complaint alleged violations of Securities and Exchange Commission Rule 10b-5 and common law fraud by all defendants, violations of the Racketeer Influenced Corrupt Organizations Act (RICO) by defendants other than the Corporate Defendants and liability under Securities Exchange Act 20(a), as the liability of controlling persons, by Messrs. Blech and Germain and D. Blech & Co., Baird Patrick and Bear Stearns. The amount of damages requested was not specified in the complaint. In June 1996, Judge Sweet dismissed the allegations against the Registrant and the other Corporate Defendants because the plaintiffs had failed to identify the alleged fraudulent acts of the Registrant and the other Corporate Defendants with the specificity required by federal law. The dismissal terminated the action against the Registrant without any findings of liability against Registrant in July 1996. The Judge's order can still be appealed, and the time for appeal will not begin to run until a final judgment has been entered in the entire multi-party proceeding .

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

None.

SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT

<TABLE>
<S> <C> <C>
The executive officers of the Company and their ages and positions are as follows:

Name	Age	Position

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Matthew F. Bowman	47	Senior Vice President, Operations and Marketing
David C. Bupp	49	President, Chief Executive Officer and Director
Patricia A. Coburn	53	Vice President, General Counsel
Louis Cosentino	44	Vice President, ILM Sales and Marketing
J. Kenneth Poggenburg, Jr., Ph.D.	64	Vice President - Operations
John L. Ridihalgh, Ph.D.	57	Chairman of the Board, Chief Scientific Officer and Director
John Schroepfer	38	Vice President, Finance and Administration
Trudie L. Seeger, Ph.D.	43	Vice President, Regulatory Affairs
Lauren V. Vitek, M.D., Ph.D.	44	Vice President, Clinical Research and Medical Director

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Matthew F. Bowman has served as Senior Vice President, Operations and Marketing of the Company since February 1998. From June 1996 until February 1998, Mr. Bowman served as Vice President, Therapeutics of the Company. Prior to his employment with the Company, Mr. Bowman was employed by Pharmacia Inc. ("Pharmacia"), where he served as Vice President of the Therapeutic Products Division from 1995 to 1996 and as Senior Director, Therapeutics, from 1993 to 1995. From 1988 to 1993, Mr. Bowman was employed by Adria Laboratories, Inc. ("Adria") where, in 1993, he served as Senior Director, New Business Development and Licensing, from 1990 to 1992, he served as Director, New Business Development and Licensing, and, from 1988 to 1990, he served as Associate Director, New Business Development. Mr. Bowman has a B.A. degree in Political Science from The Citadel.

David C. Bupp has served as President and a director of the Company since August 1992 and as Chief Executive Officer since February 1998. From August 1992 until February 1998, Mr. Bupp served as Chief Operating Officer of the Company. From August 1992 to May 1993, Mr. Bupp served as Treasurer of the Company. In addition to the foregoing positions, from December 1991 to August 1992, he was Acting President, Executive Vice President, Chief Operating Officer and Treasurer, and from December 1989 to December 1991, he was Vice President, Finance and Chief Financial Officer. From 1982 to December 1989, Mr. Bupp was Senior Vice President, Regional Manager for AmeriTrust Company National Association, a nationally chartered bank holding company, where he was in charge of commercial banking operations throughout Central Ohio. Mr. Bupp has a B.A. degree in Economics from Ohio Wesleyan University. Mr. Bupp completed a course of study at Stonier Graduate School of Banking.

Patricia A. Coburn has served as Vice President, General Counsel of the Company since February 1998. From August 1996 until February 1998, Ms. Coburn served as Legal Counsel of the Company. Prior to her employment with the Company, Ms. Coburn was employed by Pharmacia from 1994 until May 1996 where she served as Assistant General Counsel. From September 1986 until 1994, Ms. Coburn was employed by Adria where she served as Director, Intellectual Property until 1994 when Adria was acquired by Pharmacia. Ms. Coburn received a B.S. degree from the University of Cincinnati in 1969 and a J.D. from the university of Toledo in 1977.

Louis Cosentino has served as Vice President, ILM Sales and Marketing of the Company since February 1998. Mr. Cosentino served as Vice President, Marketing and Corporate Development of the Company from January 1996 until February 1998. From 1976 through 1995, Mr. Cosentino was employed by Johnson & Johnson, Inc. From 1992 through 1995, he served as Vice President, Advanced Concepts and Technology of Ethicon Endo-Surgery, Inc., an affiliate of Johnson & Johnson, and from 1991 through 1993 he served as Director of New Business at Ethicon Endo-Surgery. Mr. Cosentino has B.A. and M.B.A. degrees from Farleigh Dickinson University .

J. Kenneth Poggenburg, Ph.D., was named Vice President, Operations of the Company in March 1994. From January 1984 to February 1994, Dr. Poggenburg served as Director of Research and Development for Hybritech Incorporated. From 1981 to 1984, Dr. Poggenburg was Director of Research and Development at American Home Products, Analytic Products Division. Dr. Poggenburg has a B.S. degree in Chemistry from the College of the Holy Cross and a Ph.D. degree in Nuclear Chemistry from the University of California, Berkeley. Mr. Poggenburg's employment with the Company will end in April, 1998. Mr. Poggenburg has agreed to provide consulting services to the Company until April, 1999.

John L. Ridihalgh, Ph.D., has served as a director of the Company and Chairman of the Board since 1988 and as Chief Scientific Officer since February 1998. He was President of the Company from 1984 to November 1991. Dr. Ridihalgh served as Chief Executive Officer of the Company from 1984 to November 1991 and resumed the position from June 1992 until February 1998. From November 1991 to June 1992, Dr. Ridihalgh served as a consultant to the Company. From 1968 to 1974, Dr. Ridihalgh was a research scientist at Battelle Memorial Institute in Columbus, Ohio. He founded a consulting firm to the nuclear industry in 1974 and a manufacturer of long-distance telephone network access devices in 1981. He is also the founder of a medical instrument development company and an animal vaccine company which has licensed a number of vaccines for veterinary use. Dr. Ridihalgh has a B.S. degree in Mathematics and a Ph.D. degree in Nuclear Engineering, both from Iowa State University.

John Schroepfer has served as Vice President, Finance and Administration of the Company since May 1993. From November 1991 to May 1993, Mr. Schroepfer served as Controller of the Company, and was Chief Accounting Officer of the Company from August 1992 to May 1993. From March 1989 to November 1991, he was the Senior Accountant for the Company. From May 1986 to March 1989, Mr. Schroepfer was employed by Coopers & Lybrand. Mr. Schroepfer has a B.S./B.A. degree in Accounting from The Ohio State University and is a Certified Public Accountant.

Trudie L. Seeger, Ph.D., has served as Vice President, Regulatory Affairs of the Company since May 1993. From May 1991 to May 1993, Dr. Seeger was Director of Regulatory Affairs and Clinical Research for the Company, and from February 1990 to March 1991, she was the Associate Director of Regulatory Affairs for the Company. From June 1988 to September 1989, Dr. Seeger was Senior Clinical Research Associate at Bristol Myers, and from January 1984 to June 1988, she was a clinical research associate at Bristol Myers. From September 1989 to January 1990, Dr. Seeger was Associate Director, Clinical Research, at Schering-Plough. Dr. Seeger has a B.S. degree in Biology from D'Youville College (magna cum laude) and an M.S. degree in Physical Science and a Ph.D. degree in Experimental Pathology (with a research emphasis in Immunology) from the State University of New York at Buffalo. Ms. Seeger's employment with the Company will end in April, 1998. Ms. Seeger has agreed to provide consulting services to the Company until April, 1999.

Lauren V. Vitek, M.D., Ph.D., has served as Vice President, Clinical Research and Medical Director of the Company since February 1998. Dr. Vitek served as Medical Director, Therapeutics of the Company from January 1997 until February 1998. Dr. Vitek served as Associate Director, Oncology of Pharmacia from 1994 until April 1996 and served as Director, Oncology of Pharmacia from May 1996 until January 1997. From March 1993 until 1994, Dr. Vitek was employed by Adria where she served as Associate Director, Oncology until Adria was acquired by Pharmacia. Dr. Vitek received a B.S. degree in 1975, a Ph.D. degree in 1980 and an M.D. degree in 1982, all from Loyola University.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock of the Company trades on The Nasdaq Stock Market under the trading symbol "NEOP". The prices set forth below reflect the high and low sale

prices for shares of Common Stock during the last two fiscal years as reported by The Nasdaq National Market.

<TABLE>
<CAPTION>

	HIGH	LOW
<S>	<C>	<C>
Fiscal Year 1996		
First Quarter	$23.25	$13.38
Second Quarter	19.88	14.00
Third Quarter	19.25	8.88
Fourth Quarter	18.13	11.38
Fiscal Year 1997		
First Quarter	$18.25	$12.88
Second Quarter	16.00	12.25
Third Quarter	15.00	10.50
Fourth Quarter	14.44	5.50

</TABLE>

As of March 12, 1998, the Registrant had approximately 616 holders of Common Stock of record.

The Company has not paid any dividends on its Common Stock and does not anticipate paying cash dividends in the foreseeable future. The Company intends to retain any earnings to finance the growth of its business. There can be no assurance that the Company will ever pay cash dividends.

Recent Sales of Unregistered Securities

The following sets forth certain information regarding the sale of equity securities of the Company during the period covered by this Report that were not registered under the Securities Act of 1933 other than unregistered sales made in reliance on Regulation S.

In March 1997 the Company issued 1,672 shares of common stock to the trustees of its 401(k) employee benefit plan without registration. Such issuance is exempt from registration under the Act under Section 3(a)(2). The Plan is a pension, profit sharing or stock bonus plan that is qualified under Section 401 of the Internal Revenue Code. The assets of the Plan are held in a single trust fund for the benefit of the employees of the Company which does not hold assets for the benefit of the employees of any other employer. All of the contributions to the plan from employees of Neoprobe have been invested in assets other than Common Stock. All of the Common Stock held by the plan has been contributed to the plan by the Company as a matching contribution and has been less in value at the time it was contributed to the plan than the employee contributions which it matches.

ITEM 6. SELECTED FINANCIAL DATA

The following summary financial data are derived from consolidated financial statements of the Company which have been audited by the Company's independent public accountants. These data are qualified in their entirety by, and should be read in conjunction with, the Company's Consolidated Financial Statements and Notes thereto included herein.

<TABLE>
<CAPTION>

(Amounts in thousands, except per share data)	Years ended December 31,					November 16, 1983 (Date of Inception to December 31,
	1993	1994	1995	1996	1997	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:						
Net Sales	$35	$933	$960	$1,171	$5,128	$9,187
Gross Profit	27	345	454	494	3,552	5,483

Research and development expenses	5,915	6,761	7,829	16,083	19,657	64,556
Marketing and selling expenses			1,532	4,307	5,838	
General and administrative expenses	2,374	4,313	4,148	6,222	6,853	31,080
Loss from operations	8,262	10,730	11,523	23,342	27,265	95,991
Other income (expense)	284	175	764	2,373	4,018	8,269
Net loss	$(7,978)	$(10,555)	$(10,759)	$(20,969)	$(23,247)	$(87,363)
Net loss per common share from continuing operations (basic and diluted)(1)	$(1.13)	$(1.18)	$(0.73)	$(1.06)	$(1.02)	
Shares used in computing net loss per common share(1)	7,039	8,926	14,726	19,743	22,735	

<CAPTION>

	As of December 31,				
	1993	1994	1995	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>
Balance Sheet Data:					
Total assets	12,571	7,839	24,145	63,873	41,573
Long-term obligations	110	300	1,182	1,009	2,069
Accumulated deficit	(21,833)	(32,387)	(43,147)	(64,116)	(87,363)

</TABLE>

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(1) Net loss per common share is based on the weighted average number of common shares outstanding during the year. The loss per share for all periods presented excludes the number of common shares issuable upon the conversion of preferred stock and the number of shares issuable upon exercise of outstanding stock options and warrants since such inclusion would be anti-dilutive.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management Discussion and Analysis of Financial Condition and Results of Operations and other parts of this Report contain forward-looking statements that involve risks and uncertainties. The Company's actual results in 1998 and future periods may differ significantly from the prospects discussed in the forward-looking statements.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has financed its operations primarily through private and public offerings of its equity securities, from which it has raised gross proceeds of approximately $120 million. As of December 31, 1997, the Company had cash, cash equivalents, and available-for-sale securities of $24.6 million. To date, the Company has devoted substantially all of its efforts and resources to research and clinical development of innovative systems for the intraoperative diagnosis and treatment of cancers. During the first quarter of 1998, the Company implemented a business plan to reduce operating expenses and focus on three main business activities: commercializing the Company's first RIGS(R) system (radioimmunoguided surgery) product, called RIGScan(R) CR49 (125 I - CC49 monoclonal antibody) for the surgical detection of metastatic colorectal cancer, increasing the Company's market position in gamma guided surgery applications, and developing activated cellular therapy products for cancer and viral diseases. The Company reduced its domestic staff and annual compensation expense by approximately $1 million (approximately 20%) and postponed certain research projects which were expected to be carried out in 1998.

The RIGS system integrates radiolabeled targeting agents and radiation detection instruments. The Company is developing both the radiolabeled targeting agents and radiation-detection instrument components of the RIGS technology. Prior to 1996, the Company completed testing in a pivotal Phase III clinical trial for the detection of metastatic colorectal cancer. In addition, the Company has completed testing in a separate pivotal Phase III clinical trial for the detection of primary colorectal cancer. The Company must obtain

regulatory approval to market its products before commercial revenue can be generated. During 1996, the Company submitted applications to the European regulatory agencies and to the United States Food and Drug Administration ("FDA") to request permits to begin marketing and selling the Company's RIGS products for the detection of metastatic colorectal cancer. In November 1997, the Company withdrew its application from the EMEA as a result of additional requests for information from the CPMP. In addition, in December 1997, the FDA's CBER, completed its review of data submitted by the Company for its product and determined that additional information must be provided before it can further consider the approval of the Company's product. The Company intends to submit an amendment to the

BLA and resubmit the European dossier with additional information as soon as the information requests can be clarified and the appropriate responses compiled.

In October 1997, the Company launched the Neoprobe(R) 1500 Portable Radioisotope Detector in response to an emerging new surgical technique called lymphatic mapping for treating patients with melanoma, a potentially deadly form of skin cancer. Lymphatic mapping represents a less invasive surgical technique then existing techniques for staging cancer or determining whether the cancer has spread to the lymph nodes. Surgeons are using the lymphatic mapping technique for treating patients with melanoma and investigating its use in patients with breast cancer as well. The Company is currently selling the Neoprobe 1500 Portable Radioisotope Detector for the lymphatic mapping application and expanding its line of instruments to provide a variety of gamma-detecting probes for specialized uses. The Company recorded revenue of $5 million during 1997 predominantly related to the lymphatic mapping technique.

The Company is also studying the safety and efficacy of certain therapy products. In 1997, Neoprobe opened an IND application for clinical studies with RIGS/ACT(TM) (RIGS technology based activated cellular therapy) for colorectal cancer. One study is a Phase I/II multicenter trial using RIGS/ACT in patients with recurrent, operable colorectal cancer. A second study is a Phase II multicenter trial using RIGS/ACT with chemotherapy in patients with recurrent but inoperable colorectal cancer. The Company has also funded a Phase I study to determine the safety and feasibility of using RIGS/ACT to help boost the immune system of patients with HIV/AIDS. In addition, the Company is funding a Phase I study to investigate the use of activated cellular therapy with patients coinfected with HIV/AIDS and chronic active hepatitis B or C.

For the period from inception to December 31, 1997, the Company has incurred cumulative net losses of approximately $87.4 million. The Company does not currently have a RIGS product approved for commercial sale in any major market and does not anticipate commercial sales of sufficient volume to generate positive cash flow until 2000, at the earliest. The Company has incurred, and will continue to incur, substantial expenditures for research and development activities related to bringing its products to the commercial market. The Company intends to devote significant additional funds to clinical testing, manufacturing validation, and other activities required for regulatory review and commercialization of its products. The amount of funds and length of time required to complete such testing will depend upon the outcome of regulatory reviews. The regulatory bodies may require more testing than is anticipated by the Company. There can be no assurance that the Company's RIGS products will be approved for marketing by the FDA or any foreign government agency, or that any such products will be successfully introduced or achieve market acceptance.

The Company's research and development activities and operating costs have been funded principally with cash generated from the issuance of common stock. In April 1996, the Company completed the sale of 1,750,000 shares of common stock at a price of $18.50 per share in a secondary offering. Gross proceeds from this offering were $32.4 million, and proceeds net of underwriting discounts were $30.5 million. In November 1992 and December 1993, the Company issued a total of 2,330,000 Class E Redeemable Common Stock Purchase Warrants ("Class E Warrants"). During 1996, the Company received proceeds from the exercise of Class E Warrants of approximately $15 million.

Research and development expenses during 1997 were $19.7 million, or 64% of operating expenses for the period. Marketing and selling expenses were $4.3 million or 14% of operating expenses during the period and general and administrative expenses were $6.9 million, or 22% of operating expenses for the period. The Company anticipates that 1998 total operating expenses will decrease over 1997 levels. The Company expects research and development and general and administrative expenses to decrease from 1997. However, the Company also expects marketing and selling expenses to increase slightly from 1997 levels. The Company currently anticipates that approximately $12.0 million in cash will be used to finance operating activities during 1998.

During 1998, the Company intends to focus on responding to regulatory issues raised by the U.S. FDA and European regulatory authorities and improving manufacturing processes for the production of RIGScan CR49. The Company intends to submit an amendment to the BLA and resubmit the European dossier with additional information. The Company cannot predict when marketing approvals will be received. However, when the Company receives permission from the regulatory authorities to begin marketing its products and begins generating revenue from the sale of its products, additional costs for marketing and distribution will be incurred. The Company has executed various agreements with third parties that supplement the technical and business capabilities of the Company. The Company is generally obligated to such parties to pay royalties or commissions upon commercial sale of the related product. The Company's estimate of its allocation of cash resources is based on the current state

of its business operations, its current business plan, and current industry and economic conditions, and is subject to revisions due to a variety of factors including without limitation, additional expenses related to marketing and distribution, regulatory licensing and research and development, and to reallocation among categories and to new categories. The Company may need to supplement its funding sources from time to time.

Neoprobe Europe is a wholly-owned subsidiary of the Company, located in Lund, Sweden, where it operates a biologics manufacturing and purification facility. The Company uses the facility to prepare the CC49 monoclonal antibody produced by Bio-Intermediair BV for final radiolabeling. The Company advanced funds to Neoprobe Europe during 1997 to cover operating and capital expenditures of approximately $2 million. The Company anticipates advancing $1.25 million during 1998 to cover operating and capital expenditures.

In 1994, the Company formed Neoprobe (Israel) to construct and operate a radiolabeling facility for the Company's targeting agents. The Company owns 95 percent of Neoprobe (Israel), with Rotem, the private arm of the Israeli atomic energy authority owning the balance and managing the facility. In 1994, Neoprobe (Israel) received notification from the state of Israel's Finance Committee (the "Committee") that its initial financial program had been approved for the construction and operation of a radiolabeling facility near Dimona, Israel. During the third quarter of 1997, Neoprobe (Israel) was notified that the Committee had approved a $5.2 million increase in the approved program. The total amount of the approved program is now $9.9 million. Neoprobe (Israel) is entitled to receive grants of 25% of its investment and a government guarantee of 75% to 85% of the principal balance of bank loans taken to build and operate the facility. On August 10, 1995, the Company and Neoprobe (Israel) raised $1.1 million for Neoprobe (Israel) through the issuance of convertible debentures. These convertible debentures were converted into 200,000 shares of Common Stock of Neoprobe Corporation in 1996. During 1997, costs associated with construction and preparation of the facility were financed primarily with funds advanced by the Company as a result of delays in funding from the government sponsored program. The Company advanced Neoprobe (Israel) funds during 1997 to cover capital expenditures of approximately $1.8 million and operating expenses of approximately $2 million. In February 1998, the Company received loan proceeds of approximately $1.9 million under the government sponsored program. The Company expects to receive approximately $3.2 million in loan and grant proceeds under the approved program during 1998. The Company does not anticipate advancing any significant amount of funds to Neoprobe (Israel) during 1998.

At December 31, 1997, the Company had U.S. net operating tax loss carryforwards

of approximately $75.8 million to offset future taxable income through 2012. Additionally, the Company has U.S. tax credit carryforwards of approximately $2.2 million available to reduce future income tax liability through 2012. Under Section 382 of the Internal Revenue Code of 1986, as amended, use of prior tax loss carryforwards is limited after an ownership change. As a result of ownership changes which occurred in March 1989 and in September 1994, the Company's tax loss carryforwards and tax credit carryforwards are subject to the limitations described by Section 382. The Company's international subsidiaries also have net operating tax loss carryforwards in their respective foreign jurisdictions.

The Company has performed a preliminary assessment of the year 2000 issue as it relates to the Company's information systems and vendor supplied application software. Based on these assessments, management does not anticipate any significant impact on the Company as a result of implications associated with that issue.

RESULTS OF OPERATIONS

Since inception, the Company has dedicated substantially all of its resources to research and development of its RIGS system for the intraoperative diagnosis and treatment of cancer. Until the appropriate regulatory approvals are received, the Company is limited in its ability to generate revenue. In September 1996, the Company executed a License and Distributorship Agreement with USSC giving USSC exclusive worldwide sales and marketing rights (excluding Korea and certain other Pacific Rim countries) for the Company's RIGS surgical cancer detection products. Effective October 17, 1997, the Company and USSC mutually agreed to terminate the Agreement, as amended. During 1997, the Company generated sales of Neoprobe 1000 and 1500 systems of $5 million.

Years ended 1997, 1996 and 1995.

Revenue and Other Income

The Company had net sales of approximately $5.1 million in 1997 compared to $1.2 million in 1996. Net sales included instrument sales of $5 million and blood serology products of $125,000 in 1997. In 1996, net sales included instrument sales of $780,000 and blood serology products of $391,000. Instrument sales increased as a result of the introduction of the Neoprobe 1500 system and the continuing growth of the lymphatic mapping technique. Sales of serology products at Neoprobe Europe continued to decrease as a result of the Company's efforts to develop the long-term production capacity for targeting agents. Other income during 1997 was $4 million and consisted of interest income of $2.2 million and miscellaneous income of $2 million representing recognition of income of a license fee received from USSC net of interest and other expenses. During 1996, other income was $2.4 million and represented primarily interest income earned during the period. During the period ended December 31, 1995, the Company had net sales of $960,000 consisting of instrument sales of approximately $157,000 and blood serology products of $803,000. Instrument sales increased in 1996 over 1995 levels as a result of the emergence of lymphatic mapping as a technique for treating patients with melanoma. Other income for 1995 was approximately $764,000 and consisted primarily of interest income.

Research and Development Expenses

Research and development expenses increased during 1997 to $19.7 million from $16.1 million in 1996. The increase is a result of a substantial increase in instrument development and design and in manufacturing validation activities during 1997. Clinical trial costs decreased during the year as clinical trial activity related to RIGScan CR49 declined following the submission of applications to regulatory bodies for marketing approval. The decline in costs related to RIGScan CR49 was partly offset by an increase in costs related to the development of activated cellular therapy technology during the period.

Research and development expenses also increased during 1996 to $16.1 million from $7.8 million in 1995. During 1996, the Company filed marketing applications for regulatory approvals in Europe and in the U.S. The 1996 expenses reflect the costs associated with activities required by regulatory

authorities for product approval. The activities included validating the Company's manufacturing processes and conducting audits of clinical trial data. In addition, during the period the Company continued its product development activities for the detection of other cancers and its activated cellular therapy program. The increase in research and development expenses was the result of increases in wages and benefits, contracted services and clinical trials. Wages and benefits increased primarily from hiring additional research and development staff and for non-cash compensation expense related to stock options which vested after reaching certain milestones. Additional staff was added during the year to support development of future RIGS diagnostic products and RIGS/ACT products. Contracted services increased primarily due to costs related to manufacturing validation and testing and to a non-cash expense of $500,000 from technology licenses acquired for internal development. Clinical trial costs increased over the previous period primarily from clinical studies associated with RIGS/ACT products and costs associated with the development of the Biologic License Application and the European marketing application.

Marketing and Selling Expenses

During 1997, marketing and selling expenses increased by $2.8 million over the previous year. The increase was directly related to increased instrument sales during the year. The Company was obligated to pay a commission to USSC for devices sold during the period for which the Agreement was in place. In addition, the Company hired additional marketing staff during the period to support the lymphatic mapping business. The increase in marketing expenses in 1996 from 1995 is the result of development of an internal sales and marketing department to support the anticipated launch of the Company's first RIGS product and the growing ILM market.

General and Administrative Expenses

During 1997, general and administrative expenses increased to $6.9 million from $6.2 million in 1996. The increase was primarily a result of growth in staff and increased costs for rent, leases, taxes and other expenses. Other expenses increased primarily as a result of greater travel and insurance costs.

General and administrative expenses increased during 1996 to $6.2 million from $4.1 million in 1995. The increase in 1996 was primarily a result of increased wages and benefits and miscellaneous expenses. Wages and benefits increased as a result of additional personnel hired in 1996 and non-cash expenses for stock option vesting. Miscellaneous expenses increased in 1996 primarily from increases in insurance, rent and taxes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This Item does not yet apply to the Registrant.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of the Company, and the related notes, together with the report of Coopers & Lybrand L.L.P. dated February 20, 1998, are set forth at pages [F-1 through F-18] attached hereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information regarding the Registrant's directors will be set forth at "ELECTION OF DIRECTORS in the Registrant's Proxy Statement for its 1998 Annual Meeting of Shareholders (the "1998 Proxy Statement") which information is incorporated herein by reference. Information required by this Item concerning compliance with Section 16(a) of the Exchange Act will be set forth at "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE" in the 1998 Proxy Statement which information is incorporated herein by reference. Information regarding the Registrant's executive officers is set forth in PART I of this report at

"Supplemental Item. Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item will be set forth at "COMPENSATION OF MANAGEMENT" in the 1998 Proxy Statement which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this item will be set forth at "SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS, DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS" in the 1998 Proxy Statement which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this item will be set forth at "CERTAIN TRANSACTIONS" in the 1998 Proxy Statement which information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(A) LIST OF EXHIBITS AND FINANCIAL STATEMENTS FILED AS PART OF THIS REPORT

(3) ARTICLES OF INCORPORATION AND BY-LAWS

3.1. Complete Restated Certificate of Incorporation of Neoprobe Corporation, as corrected February 18, 1994 and as amended June 27, 1994, July 25, 1995 and June 3, 1996 (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated June 20, 1996 (the "June 1996 Form 8-K"); Commission File No. 0-26520).

3.2. Amended and Restated By-Laws, dated July 21, 1993, as amended July 18, 1995 and May 30, 1996 (incorporated by reference to Exhibit 99.4 to the June 1996 Form 8-K).

(4) INSTRUMENTS DEFINING THE RIGHTS OF HOLDERS, INCLUDING INDENTURES

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

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

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

(10) MATERIAL CONTRACTS (*indicates management contract or compensatory plan or arrangement).

10.1.1.--10.1.22. Reserved

10.1.23. Brokers' Warrants for the purchase of shares of Common Stock dated June 30, 1995 issued to officers of Sunrise Financial Corporation

(incorporated by reference to Exhibit 10.1.23 to Registrant's Quarterly Report on Form 10-QSB for the quarter ending June 30, 1995; Commission No. 0-26520 (the "2nd Quarter 1995 Form 10-QSB")). This exhibit is one of six substantially identical instruments and is accompanied by a schedule identifying the other documents omitted and setting forth the material details in which such documents differ from the one that is filed therewith.

10.1.24. Reserved.

10.1.25. Rights Agreement between the Registrant and Continental Stock Transfer & Trust Company dated as of July 18, 1995 (see Exhibit 4.3).

10.1.26.--10.1.30. Reserved.

10.2.1.-- 10.2.14. Reserved.

10.2.15. Option Agreements between the Registrant and David C. Bupp (incorporated by reference to Exhibit 10.7 to the Registrant's registration statement on Form S-1; No. 33-51446 (the "Form S-1")).*

10.2.16.--10.2.17. Reserved.

10.2.18. Non-Qualified Stock Option Agreement dated May 3, 1993 between the Registrant and David C. Bupp (incorporated by reference to Exhibit 10.50 to the Registrant's Quarterly Report on Form 10--QSB for the quarterly period ended June 30, 1993; Commission File No. 0-26520 (the "2nd Quarter 1993 Form 10-QSB")).*

10.2.19.--10.2.20. Reserved.

10.2.21. Non-Qualified Stock Option Agreement dated May 3, 1993 between the Registrant and John L. Ridihalgh (incorporated by reference to Exhibit 10.53 to the 2nd Quarter 1993 Form 10-QSB).*

10.2.22. Reserved.

10.2.23. Non-Qualified Stock Option Agreement dated February 28, 1992 and amended and restated June 3, 1993 between the Registrant and David C. Bupp (incorporated by reference to Exhibit 99.5 to Registrant's report on Form 8-K dated January 21, 1994; Commission File No. 0-26520 (the "January 1994 Form 8-K")).*

10.2.24. Non-Qualified Stock Option Agreement dated July 1, 1990 and amended and restated June 3, 1993 between the Registrant and David C. Bupp (incorporated by reference to Exhibit 99.6 to the January 1994 Form 8-K).*

10.2.25. Non-Qualified Stock Option Agreement dated June 1, 1992 and amended and restated June 3, 1993 between the Registrant and John L. Ridihalgh (incorporated by reference to Exhibit 99.7 to the January 1994 Form 8-K).*

10.2.26. Amended and Restated Stock Option and Restricted Stock Purchase Plan dated March 3, 1994 (incorporated by reference to Exhibit 10.2.26 to Registrant's annual report on Form 10-KSB for the year ending December 31, 1993; Commission File No. 0-26520 (the "1993 Form 10-KSB")).*

10.2.27.--10.2.28. Reserved.

10.2.29. Non-Qualified Stock Option Agreement dated February 16, 1995 between the Registrant and John L. Ridihalgh (incorporated by reference to Exhibit 10.2.29 to the 1994 Form 10-KSB).*

10.2.30. Non-Qualified Stock Option Agreement dated February 16, 1995 between the Registrant and David C. Bupp (incorporated by reference to Exhibit 10.2.30 to the 1994 Form 10-KSB).*

10.2.31. Employment Agreement dated as of January 1, 1996 between the Registrant and John L. Ridihalgh (incorporated by reference to Exhibit 10.2.31 to the Registrant's Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 1996; Commission File No. 0-26520 (the "2nd Quarter 1996 Form 10-QSB")).*

10.2.32. Employment Agreement dated as of January 1, 1996 between the Registrant and David C. Bupp (incorporated by reference to Exhibit 10.2.32 to the 2nd Quarter 1996 Form 10-QSB).*

10.2.33 Reserved.

10.2.34. Restricted Stock Purchase Agreement dated June 5, 1996 between the Registrant and John L. Ridihalgh (incorporated by reference to Exhibit 10.2.32 to the Registrant's Annual Report on Form 10-KSB for the year ending December 31, 1997 (the "1997 Form 10-KSB"); Commission File No. 0-26520).*

10.2.35. Restricted Stock Purchase Agreement dated June 5, 1996 between the Registrant and David C. Bupp (incorporated by reference to Exhibit 10.2.35 to the 1997 Form 10-KSB).*

10.2.36. Restricted Stock Purchase Agreement dated November 25, 1996 between the Registrant and Joseph R. Bianchine, as amended January 2, 1997 (incorporated by reference to Exhibit 10.2.36 to the 1997 Form 10-KSB).*

10.2.37. 1996 Stock Incentive Plan dated January 18, 1996 as amended March 13, 1997.*

10.2.38. Non-Qualified Stock Option Agreement dated January 18, 1996 between the Registrant and John L. Ridihalgh.*

10.2.39. Non-Qualified Stock Option Agreement dated January 18, 1996 between the Registrant and David C. Bupp.*

10.2.40. Non-Qualified Stock Option Agreement dated February 3, 1997 between the Registrant and John L. Ridihalgh.*

10.2.41. Non-Qualified Stock Option Agreement dated February 3, 1997 between the Registrant and David C. Bupp.*

10.3.1. Technology Transfer Agreement dated July 29, 1992 between the Registrant and The Dow Chemical Corporation (incorporated by reference to Exhibit 10.10 to the Form S-1, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.3.2.--10.3.7. Reserved.

10.3.8. Supplemental Agreement dated July 19, 1985 between the Registrant and The Ohio State Uni versity, acting on behalf of the State of Ohio (incorporated by reference to Exhibit 10.17 to the Form S-1, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.3.9. Task Order Agreement for Sponsored Clinical Research dated May 15, 1992, between the Registrant and The Ohio State University Research Foundation (incorporated by reference to Exhibit

10.18 to the Form S-1, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.3.10. License Agreement dated July 23, 1992 between the Registrant and The Ohio State University Research Foundation (incorporated by reference to Exhibit 10.19 to the Form S-1, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.3.11. License Agreement dated July 23, 1992 between the Registrant and The Ohio State University Research Foundation (incorporated by reference to Exhibit 10.20 to the Form S-1, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.3.12.--10.3.15. Reserved.

10.3.16. Drug Manufacture Agreement dated April 6, 1993 between the Registrant and Nordion Interna tional Inc. (incorporated by reference to Exhibit 10.55 to the 2nd Quarter 1993 Form 10-QSB, confidential portions of which were omitted and filed separately with the Commission subject to an

order granting confidential treatment).

10.3.17.-10.3.28. Reserved.

10.3.29. Manufacturing and Supply Agreement dated February 20, 1995 between the Registrant and Bio-Intermediair, B.V. (incorporated by reference to Exhibit 10.3.29 to the 1994 Form 10-KSB).

10.3.30. Facility Agreement dated July 17, 1995 among Registrant, Neoprobe (Israel) Ltd., and Rotem Industries, Ltd. (incorporated by reference to Exhibit 10.3.30 to Registrant's Quarterly Report on Form 10-QSB for the quarter ending September 30, 1995, Commission File No. 0-26520 (the "3rd Quarter 1995 Form 10-QSB"), confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.3.31. Cooperative Research and Development Agreement between Registrant and National Cancer Institute (incorporated by reference to Exhibit 10.3.31 to the 3rd Quarter 1995 Form 10-QSB).

10.3.32. First Amendment to Facility Agreement dated July 17, 1995 among Registrant, Neoprobe (Israel), Ltd. and Rotem Industries, Ltd (incorporated by reference to Exhibit 10.3.32 to the Registrant's Annual Report on Form 10-KSB for the year ending December 31, 1995; Commission File No. 0-26520 (the "1995 Form 10-KSB")).

10.3.33. Investment Agreement dated January 31, 1996 between the Registrant and XTL Biopharmaceuticals, Ltd. (incorporated by reference to Exhibit 10.3.33 to the Registrant's Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 1996; Commission File No. 0-26520 (the "1st Quarter 1996 Form 10-QSB")).

10.3.34 $1,500,000 5% Convertible Subordinated Debenture Due February 13, 1998 of XTL Biopharmaceuticals, Ltd. issued to Registrant on February 13, 1996 (incorporated by reference to Exhibit 10.3.34 to the 1st Quarter 1996 Form 10-QSB).

10.3.35 Investors' Rights Agreement dated February 5, 1996 between Registrant and XTL Biopharmaceuticals, Ltd. (incorporated by reference to Exhibit 10.3.35 to the 1st Quarter 1996 Form 10-QSB).

10.3.36 Warrant to purchase Class A Common Shares of XTL Biopharmaceuticals, Ltd. issued to Registrant on February 13, 1996 (incorporated by reference to Exhibit 10.3.36 to the 1st Quarter 1996 Form 10-QSB).

10.3.37 Research and Development Agreement dated February 13, 1996 between Registrant and XTL

Biopharmaceuticals, Ltd. (incorporated by reference to Exhibit 10.3.37 to the 1st Quarter 1996 Form 10-QSB, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.3.38 Sublicense Agreement dated February 13, 1996 between Registrant and XTL Biopharmaceuticals, Ltd. (incorporated by reference to Exhibit 10.3.38 to the 1st Quarter 1996 Form 10-QSB, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.3.39 Reserved.

10.3.40 Subscription and Option Agreement dated March 14, 1996 between Registrant and Cira Technologies Inc. (incorporated by reference to Exhibit 10.3.40 to the 1st Quarter 1996 Form 10-QSB)

10.3.41.-10.3.43. Reserved.

10.3.44 Technology Option Agreement dated as of March 14, 1996 between Cira Technologies, Inc. and Registrant (incorporated by reference to Exhibit 10.3.44 to the 2nd Quarter 1996 Form 10-QSB, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.3.45 License dated May 1, 1996 between Registrant and The Dow Chemical Company (incorporated by reference to Exhibit 10.3.45 to the 2nd Quarter 1996 Form 10-QSB).

10.3.46 License Agreement dated May 1, 1996 between Registrant and The Dow Chemical Company (incorporated by reference to Exhibit 10.3.46 to the 2nd Quarter 1996 Form 10-QSB, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.4.1.--10.4.15. Reserved.

10.4.16. Project Management Agreement dated May 17, 1995 between Neoprobe (Israel) Ltd. and BARAN Project Construction Ltd. (incorporated by reference to Exhibit 10.4.16 to the 2nd Quarter 1995 Form 10-QSB).

10.4.17. Strategic Marketing Agreement dated August 30, 1995 between Registrant and Damon Pharm Ltd. (incorporated by reference to Exhibit 10.4.17 to the 3rd Quarter 1995 Form 10-QSB, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.4.18. Exclusive Distribution Agreement dated September 25, 1995 between Registrant and

Syncor International Corporation (incorporated by reference to Exhibit 10.4.18 to the 3rd Quarter 1995 Form 10-QSB, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.4.19. Exclusive Distribution Service Agreement dated November 30, 1995 between Registrant and Nordion Europe S.A. (incorporated by reference to Exhibit 10.4.19 to the 1995 Form 10-KSB, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.4.20. License and Distribution Agreement dated September 18, 1996 between Registrant and United States Surgical Corporation (incorporated by reference to Exhibit 10.4.20 to the Registrant's Quarterly Report on Form 10-QSB, as amended by amendment no. 1 on Form 10-QSB/A, for the quarter ended September 30, 1996; Commission File No. 0-26520, confidential portions of which were omitted and filed separately with the Commission subject to an order granting confidential treatment).

10.4.21. First Amendment to the License and Distribution Agreement dated May 14, 1997 between Registrant and United States Surgical Corporation (incorporated by reference to Exhibit 10.4.21 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997;

Commission File No. 0-26520, which was filed pursuant to Rule 24b-2 under which the Registrant has requested confidential treatment of certain portions of this Exhibit).

(11) STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS.

11.1. Computation of Net Loss Per Share.

(21) SUBSIDIARIES OF THE REGISTRANT.

21.1. Subsidiaries of the Registrant.

(23) CONSENT OF EXPERTS AND COUNSEL.23.1

23.1 Consent of Coopers & Lybrand L.L.P.

(24) POWERS OF ATTORNEY.

24.1. Powers of Attorney.

24.2. Certified resolution of the Registrant's Board of Directors authorizing officers and directors signing on behalf of the Company to sign pursuant to a power of attorney.

(B) REPORTS ON FORM 8-K.

No current report on Form 8-K was filed by the Registrant during the fourth quarter of fiscal 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 30, 1998

NEOPROBE CORPORATION
(the "Registrant")

By: /s/ DAVID C. BUPP

David C. Bupp, President and
Chief Executive Officer

Pursuant to the requirements of the Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/DAVID C. BUPP --- David C. Bupp	Director, President and Chief Executive Officer (principal executive officer)	March 30, 1998
/s/JOHN SCHROEPFER* --- John Schroepfer	Vice President, Finance and Administration (principal financial officer)	March 30, 1998
/s/MELVIN D. BOOTH* --- Melvin D. Booth	Director	March 30, 1998
/s/JOHN S. CHRISTIE* --- John S. Christie	Director	March 30, 1998
/s/C. MICHAEL HAZARD* --- C. Michael Hazard	Director	March 30, 1998
/s/JULIUS R. KREVANS* --- Julius R. Krevans	Director	March 30, 1998
/s/MICHAEL P. MOORE* --- Michael P. Moore	Director	March 30, 1998
/s/JOHN L. RIDIHALGH*	Director	March 30, 1998
</TABLE>

John L. Ridihalgh		
/s/J. FRANK WHITLEY, JR.*	Director	March 30, 1998
J. Frank Whitley, Jr.		
/s/JAMES F. ZID*	Director	March 30, 1998
James F. Zid		

*By: /s/ DAVID C. BUPP
David C. Bupp, Attorney-in-fact
</TABLE>

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

NEOPROBE CORPORATION

FORM 10-K ANNUAL REPORT

FOR THE FISCAL YEAR ENDED:

DECEMBER 31, 1997

FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Directors and Stockholders of
Neoprobe Corporation

We have audited the accompanying consolidated balance sheets of Neoprobe Corporation and Subsidiaries (A Development Stage Company) as of December 31, 1996 and 1997, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 1995, 1996, and 1997, and for the period from November 16, 1983 (date of inception) to December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Neoprobe Corporation and Subsidiaries (A Development Stage Company) as of December 31, 1996 and 1997, and the consolidated results of their operations and their cash flows for the years ended December 31, 1995, 1996, and 1997, and for the period from November 16, 1983 (date of inception) to December 31, 1997, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Columbus, Ohio
February 20, 1998

NEOPROBE CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEETS

December 31, 1996 and 1997

<TABLE>
<CAPTION>

ASSETS	1996	1997
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$30,168,412	$9,921,025
Available-for-sale securities	19,748,819	14,672,496
Accounts receivable, net	1,240,474	793,376
Inventory	216,272	413,024
Prepaid expenses	1,605,897	1,211,598
Note receivable		1,500,000
Other current assets	683,649	789,780
Total current assets	53,663,523	29,301,299

Note receivable	1,500,000	
Property and equipment at cost:		
Equipment	7,053,392	9,264,222
Construction in progress	1,226,966	3,757,133
	8,280,358	13,021,355
Less accumulated depreciation and amortization	(1,831,997)	(2,596,459)
	6,448,361	10,424,896
Intangible assets, net of accumulated amortization of $84,750 and $97,992 respectively	2,130,335	1,715,834
Other assets	130,949	131,375
Total assets	$63,873,168	$41,573,404

</TABLE>

CONTINUED

NEOPROBE CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEETS, CONTINUED

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	1996	1997
<S>	<C>	<C>
Current liabilities:		
Accounts payable:		
Trade	$ 2,368,357	$ 3,791,922
Related parties	36,298	56,250
Accrued expenses	2,951,430	2,743,293
Deferred revenue	2,000,000	0
Notes payable to finance company	155,091	202,615
Capital lease obligation, current	76,161	156,140
Total current liabilities	7,587,337	6,950,220
Long term debt	1,000,687	1,813,437
Capital lease obligation	8,096	255,355
Total liabilities	8,596,120	9,019,012

Commitments and contingencies

Stockholders' equity:		
Preferred stock; $.001 par value; 5,000,000 shares authorized at December 31, 1996 and 1997; none outstanding (500,000 shares designated as Series A, $.001 par value, at December 31, 1996 and 1997; none outstanding)		
Common stock; $.001 par value; 50,000,000 shares authorized; 22,586,527 shares issued and outstanding at December 31, 1996; 22,763,430 shares issued and outstanding at December 31, 1997	22,587	22,763
Additional paid in capital	119,293,862	120,034,876
Deficit accumulated during the development stage	(64,116,003)	(87,362,531)
Unrealized gain on available for sale securities	(29,859)	(9,290)
Cumulative foreign currency translation adjustment	106,461	(131,426)
Total stockholders' equity	55,277,048	32,554,392
Total liabilities and stockholders' equity	$ 63,873,168	$ 41,573,404

</TABLE>

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

NEOPROBE CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	Years Ended December 31,			November 16, 1983 (Date of Inception) to December 31,
	1995	1996	1997	1997
<S>	<C>	<C>	<C>	<C>
Net sales	$ 959,984	$ 1,171,186	$ 5,127,917	$ 9,186,914
Cost of goods sold	505,998	676,773	1,575,699	3,703,996
Gross profit	453,986	494,413	3,552,218	5,482,918
Operating expenses:				
Total research and development	7,829,476	16,082,761	19,656,804	64,556,138
Total marketing and selling	0	1,531,589	4,306,717	5,838,306
Total general and administrative	4,147,841	6,221,981	6,853,283	31,079,615
Total operating expenses	11,977,317	23,836,331	30,816,804	101,474,059
Loss from operations:	(11,523,331)	(23,341,918)	(27,264,586)	(95,991,141)
Other income (expenses):				
Interest income	603,275	2,179,345	2,156,795	5,922,180
Interest expense	(121,463)	(83,436)	(61,445)	(567,485)
Other	282,144	276,866	1,922,708	3,273,915

Total other income:	763,956	2,372,775	4,018,058	8,628,610
Net loss	$(10,759,375)	$(20,969,143)	$(23,246,528)	$(87,362,531)
Net loss per common share (basic and diluted)	$(0.73)	$(1.06)	$(1.02)	
Weighted average number of shares outstanding during the year	14,725,687	19,743,649	22,734,642	

</TABLE>

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

NEOPROBE CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			NOVEMBER 16, 1983 (DATE OF INCEPTION) TO DECEMBER 31,
	1995	1996	1997	1997
<S>	<C>	<C>	<C>	<C>
Cash flows from operating activities:				
Net loss	$(10,759,375)	$(20,969,143)	$(23,246,528)	$(87,362,531)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	551,992	652,623	896,522	3,104,840
Loss on disposal of assets	9,099	10,199	164,068	223,126
Reissuance of treasury stock to 401(k) plan				20,450
Minority interest			(79,353)	
Non-cash expenditures for research and development		500,000	500,000	1,000,000
Compensation expense under restricted stock and stock option plans		1,683,750		1,683,750
Change in operating assets and liabilities:				
Accounts receivable	396,725	(1,002,799)	446,066	(717,150)
Inventory	64,757	248,734	(199,335)	12,370
Prepaid expenses and other	(252,076)	(566,291)	465,764	(769,916)
Accounts payable	19,981	905,883	1,404,095	3,713,720
Accrued expenses	740,579	1,996,641	(133,131)	2,807,100
Deferred revenue		2,000,000	(2,000,000)	0
Net cash used in operating activities	(9,228,318)	(14,540,403)	(21,702,479)	(76,363,594)
Cash flows from investing activities:				
Purchases of available-for-sale securities	(16,564,908)	(50,061,144)	(13,489,774)	(108,163,190)
Proceeds from sales of available-for-sale securities	1,243,431	27,607,495	1,884,610	47,874,262
Maturities of available-for-sale securities	10,763,965	9,982,000	16,739,201	45,703,943
Purchase of property and equipment	(1,434,524)	(3,616,297)	(4,689,681)	(11,208,598)

Patents and organization costs	(132,416)	(126,209)	(197,873)	(988,052)
Other		(78)		(48,980)
Net cash (used in) provided by investing activities	(6,124,452)	(16,214,233)	246,483	(26,830,615)
Cash flows from financing activities:				
Proceeds from notes payable	1,243,696	180,242		3,271,822
Proceeds from issuance of common stock, net	23,995,737	50,117,201	716,769	102,535,690
Payment of notes payable	(137,109)	(153,638)	(177,042)	(3,006,170)
Proceeds under capital leases				481,545
Payments under capital leases	(212,199)	(241,390)	(125,202)	(771,351)
Proceeds from issuance of preferred stock				8,845,879
Treasury stock purchases				(25,000)
Proceeds from bank loan		1,000,687	812,750	1,813,437
Net cash provided by financing activities	24,890,125	50,903,102	1,227,275	113,145,852
Effect of exchange rate changes on cash	(5,157)	(13,027)	(18,666)	(30,618)
Net increase (decrease) in cash and cash equivalents	9,532,198	20,135,439	(20,247,387)	9,921,025
Cash and cash equivalents, beginning of period	500,775	10,032,973	30,168,412	
Cash and cash equivalents, end of period	$ 10,032,973	$30,168,412	$ 9,921,025	$ 9,921,025

</TABLE>

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

NEOPROBE CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

	Common Stock		Preferred Stock		Additional Paid-in
	Shares	Amount	Shares	Amount	Capital
<S>	<C>	<C>	<C>	<C>	<C>
Balance, November 16, 1983 (inception):					
Sale of common stock ($.002-$784 per share), net of cost	3,649,174	$ 3,649			$8,662,413
Payment for stock purchase option					65,000
Issued at $6 per share for converting debt to equity	76,817	77			460,913
Conversion of common stock to preferred stock	(270,896)	(271)	541,792	$2,123,824	(2,123,553)
Sale of preferred stock at $4.12 per share			484,849	2,000,002	
Repurchased shares at $6 per share	(4,166)				
Reissued to 401(k) plan at $6 per share	5,228	1			2,025
Conversion of preferred stock to common stock	1,715,205	1,715	(1,026,641)	(4,123,826)	10,967,988
Issued to an employee for services	1,750	2			6,998

Sale of common stock and warrants in connection with IPO (1,725,000 units at $6 per unit), net of costs	1,725,000	1,725			8,177,959
Issued to employees at par value	80,000	80			
Exercise of employee stock options at $2 per share	9,200	9			18,391
Sale of common stock and warrants (550,000 units at $12 per unit), net of costs	1,100,000	1,100			5,828,636
Issued in connection with acquisitions	205,063	205			1,169,356
Exercise of stock warrants ($3.75 - $6.00 per share	12,140	12			50,065
Sale of common stock at $2.27 per shares, net of costs	2,000,000	2,000			4,426,825
Exercise of warrants for common stock at $.001 per share in exchange for $550 (par value) and cancellation of other warrants of offsetting value	550,000	550			
Foreign currency translation adjustment					
Net loss since inception to December 31, 1994					

</TABLE>

<TABLE>
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	Deficit Accumulated During the Development Stage	Cumulative Foreign Currency Translation Adjustment	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance, November 16, 1983 (inception):					
Sale of common stock ($.002-$784 per share), net of cost				$ 8,666,062	
Payment for stock purchase option				65,000	
Issued at $6 per share for converting debt to equity				460,990	
Conversion of common stock to preferred stock					
Sale of preferred stock at $4.12 per share				2,000,002	
Repurchased shares at $6 per share			$ (25,000)	(25,000)	
Reissued to 401(k) plan at $6 per share			25,000	27,026	
Conversion of preferred stock to common stock				6,845,877	
Issued to an employee for services				7,000	
Sale of common stock and warrants in connection with IPO (1,725,000 units at $6 per unit), net of costs				8,179,684	
Issued to employees at par value				80	
Exercise of employee stock options at $2 per share				18,400	
Sale of common stock and warrants (550,000 units at $12 per unit), net of costs				5,829,736	
Issued in connection with acquisitions				1,169,561	
Exercise of stock warrants ($3.75 - $6.00 per share				50,077	
Sale of common stock at $2.27 per shares, net of costs				4,428,825	
Exercise of warrants for common stock at $.001 per share in exchange for $550 (par value) and cancellation of other warrants of offsetting value				550	
Foreign currency translation adjustment		$94,012			94,012
Net loss since inception to					

December 31, 1994		$(32,387,485)			(32,387,485)

</TABLE>

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NEOPROBE CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, CONTINUED

<TABLE>
<CAPTION>

	Common Stock		Preferred Stock		Additional Paid-in
	Shares	Amount	Shares	Amount	Capital
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1994	10,854,515	$10,854	0	$0	$37,713,016
Issued to 401(k) plan	3,253	3			13,065
Exercise of stock warrants ($3.75 to $6.00 per share)	549,712	550			2,492,750
Exercise of employee stock options ($2 to $6 per share)	97,745	98			328,486
Sale of common stock at $2.27 per share, net of costs	3,000,000	3,000			5,914,171
Exercise of unit purchase option by underwriter at $2.22 per share, net of costs	450,000	450			994,073
Sale of common stock at $5.50 per share, net of costs	1,650,000	1,650			8,287,902
Sale of common stock at $10.50 per share, net of costs	575,000	575			5,696,782
Issued in connection with investments by marketing partner ($9.03 to $15.97 per share), net of costs	154,575	155			1,524,542
Foreign currency translation adjustment					
Unrealized gain on available-for-sale securities					
Net loss					

</TABLE>

<TABLE>
<CAPTION>

	Deficit Accumulated During the Development Stage	Cumulative Foreign Currency Translation Adjustment	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1994	$(32,387,485)	$94,012	$0		$5,430,397

Issued to 401(k) plan					13,068
Exercise of stock warrants ($3.75 to $6.00 per share)					2,493,300
Exercise of employee stock options ($2 to $6 per share)					328,584
Sale of common stock at $2.27 per share, net of costs					5,917,171
Exercise of unit purchase option by underwriter at $2.22 per share, net of costs					994,523
Sale of common stock at $5.50 per share, net of costs					8,289,552
Sale of common stock at $10.50 per share, net of costs					5,697,357
Issued in connection with investments by marketing partner ($9.03 to $15.97 per share), net of costs					1,524,697
Foreign currency translation adjustment		72,895			72,895
Unrealized gain on available-for-sale securities				$46,480	46,480
Net loss	(10,759,375)				(10,759,375)

</TABLE>

CONTINUED

NEOPROBE CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, CONTINUED

<TABLE>
<CAPTION>

	Common Stock		Preferred Stock		Additional Paid-in
	Shares	Amount	Shares	Amount	Capital
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995	17,334,800	$17,335	0	$ 0	$62,964,787
Exercise of employee stock options at $2 to $6 per share	132,075	132			553,139
Exercise of stock warrants at $3.32 to $12.60 per share	2,904,421	2,905			18,165,986
Issued to 401(k) plan at $3.46	5,426	5			18,792
Issued to employee in exchange for services	10,000	10			121,240
Sale of common stock at $18.50 per share, net of costs	1,750,000	1,750			30,190,777
Issued in exchange for technology licenses at $16.03 per share	124,805	125			1,999,875
Issued in exchange for					

note receivable and development activities at $20.25 per share	125,000	125			2,531,125
Issued in conversion of debentures at $5.93 per share	200,000	200			1,185,641
Vesting of compensatory employee options					1,562,500
Foreign currency translation adjustment					
Unrealized loss on available-for-sale securities					
Net loss					
Balance, December 31, 1996	22,586,527	22,587	0	0	119,293,862
Exercise of employee stock options at $2.50 to $15.75 per share	85,510	85			361,500
Issued to 401(k) plan at $14.61	1,672	2			24,422
Exercise of stock warrants at $3.32 to $6.05 per share	89,721	89			355,092
Foreign currency translation adjustment					
Unrealized gain on available-for-sale securities					
Net loss					
Balance, December 31, 1997	22,763,430	$22,763	0	$ 0	$120,034,876

</TABLE>

<TABLE>
<CAPTION>

	Deficit Accumulated During the Development Stage	Cumulative Foreign Currency Translation Adjustment	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995	$(43,146,860)	$166,907	$ 0	$ 46,480	$20,048,649
Exercise of employee stock options at $2 to $6 per share					553,271
Exercise of stock warrants at $3.32 to $12.60 per share					18,168,891
Issued to 401(k) plan at $3.46					18,797
Issued to employee in exchange for services					121,250
Sale of common stock at $18.50 per share, net of costs					30,192,527
Issued in exchange for technology licenses at $16.03 per share					2,000,000
Issued in exchange for note receivable and development activities at $20.25 per share					2,531,250
Issued in conversion of debentures at $5.93 per share					1,185,841

Vesting of compensatory employee options				1,562,500	
Foreign currency translation adjustment		(60,446)			(60,446)
Unrealized loss on available-for-sale securities			(76,339)		(76,339)
Net loss	(20,969,143)				(20,969,143)
Balance, December 31, 1996	(64,116,003)	106,461	0	(29,859)	55,277,048
Exercise of employee stock options at $2.50 to $15.75 per share				361,585	
Issued to 401(k) plan at $14.61				24,424	
Exercise of stock warrants at $3.32 to $6.05 per share				355,181	
Foreign currency translation adjustment		(237,887)			(237,887)
Unrealized gain on available-for-sale securities			20,569		20,569
Net loss	(23,246,528)				(23,246,528)
Balance, December 31, 1997	$(87,362,531)	$(131,426)	$ 0	$ (9,290)	$32,554,392

</TABLE>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. ORGANIZATION AND NATURE OF OPERATIONS: Neoprobe Corporation ("the Company"), a Delaware corporation, is a development stage enterprise engaged in the development and commercialization of technologies for the diagnosis and treatment of cancers. There can be no assurance that the Company will be able to commercialize its proposed products. No significant revenues will be derived from the commercial marketing of the Company's RIGS(R) products until after the necessary government approvals are obtained. Expenses incurred have been primarily for research and development activities and administration, resulting in an accumulated deficit of approximately $87 million. The Company is dependent on the proceeds of its securities and other financing vehicles to continue the commercial development of its proposed products.

b. BASIS OF PRESENTATION: The consolidated financial statements of the Company include the accounts of the Company and its majority-owned subsidiaries. Investments in joint ventures and in 20% to 50% owned affiliates are to be accounted for on the equity method. Investments in less than 20% owned affiliates are accounted for on the cost method. All significant intercompany accounts and transactions have been eliminated in consolidation.

c. FOREIGN CURRENCY TRANSLATION: In accordance with Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation, assets and liabilities denominated in foreign currencies are translated at current exchange rates in effect at the balance sheet dates, and revenues and expenses are translated at the average monthly exchange

rate. The differences resulting from such translations, as compared to the equity of subsidiaries which is translated at historical rates, are included in cumulative foreign currency translation adjustments, a separate component of stockholders' equity.

d. CASH AND CASH EQUIVALENTS: For purposes of the statements of cash flows, cash and cash equivalents consist of demand deposits, money market funds, highly liquid debt instruments and certificates of deposit with original maturities of three months or less.

e. AVAILABLE-FOR-SALE SECURITIES: Information related to amortized cost and fair value of available-for-sale securities, utilizing the specific identification method, at December 31, 1996 and 1997 is provided below:

<TABLE>
<CAPTION>

1996	AMORTIZED COST	GROSS UNREALIZED LOSSES	FAIR VALUE
<S>	<C>	<C>	<C>
Mortgage-backed U.S. Government securities	$ 1,141,528	$(20,663)	$ 1,120,865
Corporate debt securities	18,637,150	(9,196)	18,627,954
	$19,778,678	$(29,859)	$19,748,819
1997			
Mortgage-backed U.S. Government securities	$ 993,214	$ (6,508)	$ 986,706
Corporate debt securities	13,688,572	(2,782)	13,685,790
	$14,681,786	$ (9,290)	$14,672,496

</TABLE>

The fair value of available-for-sale debt securities at December 31, 1996 and 1997, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities as, under an existing investment agreement, the Company has the ability and intent to hold all securities for short-term working capital purposes.

<TABLE>
<CAPTION>

1996	AMORTIZED COST	FAIR VALUE
<S>	<C>	<C>
Due one year or less	$15,483,515	$15,498,661
Due after one year through five years	4,295,163	4,250,158
	$19,778,678	$19,748,819
1997		
Due one year or less	$11,278,897	$11,282,535
Due after one year through five years	3,402,889	3,389,961
	$14,681,786	$14,672,496

</TABLE>

f. INVENTORY: The components of inventory at December 31, 1996 and 1997, are as follows:

<TABLE>
<CAPTION>

	1996	1997
<S>	<C>	<C>
Materials and component parts	$ 51,264	$ 36,890
Work in process	94,389	145,234
Finished goods	70,619	230,900
	$216,272	$413,024

</TABLE>

All components of inventory are valued at the lower of cost (first-in, first-out) or market.

g. PROPERTY AND EQUIPMENT: Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets ranging from 3 to 20 years. Maintenance and repairs are charged to expense as incurred, while renewals and improvements are capitalized. Equipment includes $571,563 and $518,507 of equipment under capital leases and accumulated amortization of $393,384 and $119,432 at December 31, 1996 and 1997, respectively.

h. INTANGIBLE ASSETS: Intangible assets consist primarily of the cost of patents and acquired technology licenses. Patent costs are amortized on a straight-line basis over the remaining lives of the patents. Patent application costs are deferred pending the outcome of patent applications. Costs associated with unsuccessful patent applications and abandoned intellectual property are expensed when determined to be worthless. The Company evaluates the potential alternative uses of intangible assets, as well as the recoverability of the carrying values of intangible assets on a recurring basis.

i. SALES REVENUE: The Company has derived revenues from the sale of blood group serology products and from sales of its radiation detection instruments. These sale transactions are independent of the clinical testing agreements and are not contingent upon the completion or results of clinical testing. The Company recognizes sales revenue when the product is shipped. For the year ended December 31, 1996, approximately $328,000 of net sales were concentrated between two customers.

j. RESEARCH AND DEVELOPMENT COSTS: All costs related to research and development are expensed as incurred.

k. INCOME TAXES: The Company accounts for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. Under SFAS No. 109, deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax basis of assets and liabilities using current statutory tax rates. SFAS No. 109 also requires a valuation allowance against net deferred tax assets if, based on the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

l. USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual

results could differ from those estimates.

m. NET LOSS PER COMMON SHARE: In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." SFAS No. 128 establishes standards for computing and presenting earnings per share ("EPS") and replaces the presentation of primary EPS with a presentation of basic EPS and diluted EPS. There are no differences in basic and diluted EPS for the Company related to any of the years presented. The net loss per common share for all periods presented excludes the number of common shares issuable on exercise of outstanding stock options and warrants into the Company's common stock since such inclusion would be antidilutive.

n. IMPACT OF ACCOUNTING STANDARDS: In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income in a full set of general purpose financial statements. The Company will be required to adopt this statement as of January 1, 1998. If the Company had adopted this statement as of January 1, 1996, comprehensive loss for the years ended December 31, 1996 and 1997 would have been $21,105,928 and $23,463,846, respectively.

o. RECLASSIFICATIONS: Certain amounts have been reclassified to conform with the 1997 presentation.

2. ACCOUNTS RECEIVABLE:

Accounts receivable at December 31, 1996 and 1997, net of allowance for doubtful accounts of $0 and $130,660, respectively, consist of the following:

<TABLE>
<CAPTION>

	1996	1997
<S>	<C>	<C>
Trade	$ 856,682	$ 769,578
Related Parties	28,771	0
Other	355,021	23,798
	$1,240,474	$793,376

</TABLE>

3. NOTE RECEIVABLE:

At December 31, 1996 and 1997, note receivable represents a convertible debenture from XTL Biopharmaceuticals Ltd. ("XTL") held by the Company related to an Investment Research and Development Agreement (Note 11). The debenture was due on February 13, 1998 and bore interest at 5%, payable annually. On January 30, 1998, the Company exercised its option to convert the debentures into 443,690 shares of Class A Common stock of XTL.

4. ACCRUED EXPENSES:

Accrued expenses at December 31, 1996 and 1997 consist of the following:

<TABLE>
<CAPTION>

	1996	1997
<S>	<C>	<C>
Royalties	$ 46,628	$ 171,570
Compensation	1,223,160	578,683
Taxes	36,712	34,061
Inventory purchases		204,666
Contracted Services & Other	1,644,930	1,754,313
	$2,951,430	$2,743,293

5. LONG-TERM DEBT:

Neoprobe (Israel), a 95%-owned subsidiary of the Company, is in the process of constructing a radiolabeling facility near Dimona, Israel, for use in future operations of the Company. Construction of the facility is being partially financed under an investment program approved by the state of Israel's Finance committee (the "Committee"). During the third quarter of 1997, Neoprobe (Israel) was notified that the Committee had approved a $5.2 million increase in the approved investment, bringing the total approved investment to $9.9 million. Under the approved program, Neoprobe (Israel) is entitled to government grants and government loan guarantees equal to a percentage of the total loan taken for the construction and operation of the facility. Amounts received under the agreement are collateralized by certain property obtained through the use of proceeds received. As of December 31, 1997, Neoprobe (Israel) has received $1.8 million and $875,000 in the form of loans and grants, respectively. Amounts received as loans bear interest at the LIBOR rate plus a specified percentage based on the exchange rate differential between the Israeli shekel and the U.S. dollar, or approximately 7% at December 31, 1997. Principal payments are due at various dates based on the date of each respective loan draw. Based on loan draws received to date, principal amounts of approximately $66,037, $334,540, $575,703, $403,443 and $162,280 become due in 1998 through 2002, respectively, and $271,434 in 2003 and beyond.

6. INCOME TAXES:

As of December 31, 1997, the Company's net deferred tax assets in the U.S. were approximately $25.9 million related principally to net operating loss carryforwards of approximately $75.8 million available to offset future taxable income, if any, through 2012 and tax credit carryforwards of approximately $2.2 million (principally research and development) available to reduce future income tax liability after utilization of tax loss carryforwards, if any, through 2012. Due to the uncertainty surrounding the realization of these favorable tax attributes in future tax returns, all of the net deferred tax assets have been fully offset by a valuation allowance.

Under Section 382 of the Internal Revenue Code of 1986, as amended, the utilization of U.S. net operating loss carryforwards may be limited under the change in stock ownership rules of the Internal Revenue Code. As a result of ownership changes which occurred in September 1994 and March 1989, the Company's net operating loss carryforwards and tax credit carryforwards are subject to these limitations.

In general, it is the intention of the Company to reinvest the earnings of non-U.S. subsidiaries in those operations. At December 31, 1997, the Company's international subsidiaries have net operating loss carryforwards of approximately $6.3 million available to offset future statutory income in those jurisdictions. As both subsidiaries are currently in loss positions, no amounts have been estimated to be remitted; accordingly, no amounts have been provided for income tax consequences related to international subsidiaries. Utilization of net operating losses within foreign jurisdictions may also be subject to statutory limitation should changes in ownership of subsidiaries occur in future years.

7. EQUITY:

a. COMMON STOCK:

The Company's research and development activities and operating costs have been funded principally with cash generated from the issuance of common stock. In April 1996, the Company completed the sale of 1,750,000 shares of common stock at a price of $18.50 per share in a secondary offering. Gross proceeds from this offering were $32.4

million, and proceeds net of underwriting discounts were $30.5 million.

In November 1992 and December 1993, the Company issued a total of 2,330,000 Class E Redeemable Common Stock Purchase Warrants ("Class E Warrants"). The Class E Warrants were exercisable over a three-year period beginning November 10, 1993 and expiring on November 12, 1996. During 1996, the Company received proceeds from the exercise of Class E Warrants of approximately $15.0 million.

During 1996 and 1997, total cash generated from public offerings and private placements of common stock is as follows:

<TABLE>
<CAPTION>

<S>	1996 <C>	1997 <C>
Public offerings, including exercise of warrants	$47,988,930	$355,092
Private placements and exercise of options	2,128,271	361,500
	$50,117,201	$716,592

</TABLE>

b. STOCK OPTIONS:

At December 31, 1997, the Company has two stock-based compensation plans which are described below. The Company applies APB Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized related to fixed options granted under the plans. Had compensation cost for the Company's two stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans, consistent with FASB Statement No. 123, the Company's net loss per share would have been increased to the pro forma amounts indicated below:

<TABLE>
<CAPTION>

<S>		1995 <C>	1996 <C>	1997 <C>
Net loss	As reported	$(10,759,375)	$(20,969,143)	$(23,246,528)
	Pro forma	$(11,319,278)	$(22,017,227)	$(25,273,241)
Net loss per common share (basic and diluted)	As reported	$ (0.73)	$ (1.06)	$ (1.02)
	Pro Forma	$ (0.77)	$ (1.06)	$ (1.11)

</TABLE>

Under the Amended and Restated Stock Option and Restricted Stock Purchase Plan (the "Amended Plan"), and under the 1996 Stock Incentive Plan (the "1996 Plan"), which was adopted by the Board of Directors on January 18, 1996, the Company may grant incentive stock options, nonqualified stock options, and restricted stock awards to full-time employees, and nonqualified stock options and restricted awards may be granted to consultants and agents of the Company. Total shares authorized under each plan are 2 million shares and 1.5 million shares, respectively. Under both plans, the exercise price of each option equals the market price of the Company's stock on the date of the grant.

Options granted under the Amended Plan generally vest on a monthly basis over two to four years. Options granted under the 1996 Plan generally vest on an annual basis over three years. However, approximately 400,000 options and 50,000 options have been granted under the Amended Plan and the 1996 Plan, respectively, which vest

based on the achievement of specific goals.

Outstanding options under the plans, if not exercised, generally expire ten years from their date of grant or on the date of an optionee's separation from employment with the Company, except for those options granted in conjunction with employment agreements, which will expire ten years from their date of grant or two years after cessation of the optionee's employment, whichever occurs first.

The fair value of each option grant was estimated on the date of the grant using the Black-Scholes option-pricing model with the following assumptions for 1995, 1996, and 1997, respectively: average risk-free interest rates of 7.4%, 5.7%, and 6.4%; expected average lives of three and four years; no dividend rate for any year; and volatility of 181% for 1995 and 1996 and 72% for 1997.

A summary of the status of the Company's stock option plans as of December 31, 1995, 1996, and 1997, and changes during the years ended on those dates is presented below:

<TABLE>
<CAPTION>

	1995		1996		1997	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	1,211,300	$ 3.29	1,723,543	$ 2.93	2,002,138	$ 5.60
Granted	680,780	$ 2.64	457,700	$15.38	427,900	$13.50
Forfeited	(70,792)	$ 5.68	(47,030)	$ 6.92	(150,425)	$13.90
Exercised	(97,745)	$ 3.36	(132,075)	$ 4.19	(85,510)	$ 4.25
Outstanding at end of year	1,723,543	$ 2.93	2,002,138	$ 5.60	2,194,103	$ 7.81
Options exercisable at end of year	931,762		1,265,893		1,369,557	

</TABLE>

Included in outstanding options as of December 31, 1997 are 319,997 options exercisable at a weighted-average price of $4.02 per share which vest on the meeting of certain Company achievements.

The following table summarizes information about the Company's stock options outstanding at December 31, 1997:

<TABLE>
<CAPTION>

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT DECEMBER 31, 1997	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DECEMBER 31, 1997	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>
$2.00 - $3.00	640,938	6.34 Years	$ 2.56	350,772	$ 2.62
$3.88 - $5.75	51,625	4.47 Years	$ 4.63	51,625	$ 4.63
$6.00 - $6.00	736,140	5.46 Years	$ 6.00	732,808	$ 6.00

$6.50 - $17.75	765,400	8.64 Years	$14.15	234,352	$14.15
$2.00 - $17.75	2,194,103	6.80 Years	$ 7.81	1,369,557	$ 6.48

c. STOCK WARRANTS:

At December 31, 1997, there are approximately 67,922 warrants outstanding to purchase common stock of the Company. The warrants are exercisable at prices ranging from $3.00 to $17.92 per share with a weighted average exercise price per share of $6.34. The warrants expire on various dates from 1999 through 2000.

d. COMMON STOCK RESERVED:

Shares of authorized common stock have been reserved for the exercise of all options and warrants outstanding.

8. SHAREHOLDER RIGHTS PLAN:

During July 1995, the Company's Board of Directors adopted a Shareholder Rights Plan. Under the plan, one "Right" is to be distributed for each share of common stock held by shareholders on the close of business on August 28, 1995. The Rights are exercisable only if a person and its affiliate commences a tender offer or exchange offer for 15% or more of the common stock, or if there is a public announcement that a person and its affiliate has acquired beneficial ownership of 15% or more of the common stock, and if the Company does not redeem the Rights during the specified redemption

period. Initially, each Right, upon becoming exercisable, would entitle the holder to purchase from the Company one unit consisting of 1/100th of a share of Series A Junior Participating Preferred Stock at an exercise price of $35 (which is subject to adjustment). Once the Rights become exercisable, if any person, including its affiliate, acquires 15% or more of the common stock of the Company, each Right other than the Rights held by the acquiring person and its affiliate becomes right to acquire common stock having a value equal to two times the exercise price of the Right. The Company is entitled to redeem the Rights for $0.01 per Right at any time prior to the expiration of the redemption period. The Shareholder Rights Plan and the Rights will expire on August 28, 2005.

9. INTERNATIONAL OPERATIONS:

The following information relates to Neoprobe Europe AB (Sweden) and Neoprobe (Israel) Ltd., the Company's international subsidiaries:

	1995	1996	1997
Net sales	$ 800,000	$ 390,000	$ 140,000
Loss from operations	1,680,000	3,560,000	2,950,000
Identifiable assets	3,290,000	5,500,000	9,550,000

10. RELATED-PARTY TRANSACTIONS:

A partner of a law firm which provides various legal services to the Company, including patent and trademark filings and prosecuting patent and trademark applications, is an officer and former director of the Company. Costs incurred related to services performed and patent maintenance fees

paid by this firm approximated $201,000, $201,000, and $302,000 for the years ended December 31, 1995, 1996, and 1997, respectively, and $1,815,000 for the period November 16, 1983 (inception) through December 31, 1997. The Company owed this law firm approximately $12,500 and $21,800 at December 31, 1996 and 1997, respectively.

11. AGREEMENTS:

a. RESEARCH AND DEVELOPMENT:

Under a research and development agreement between the Company, The Ohio State University, and the Department of Development of the State of Ohio, the Company must pay the State of Ohio periodic royalties calculated as a percentage of net sales of products utilizing the results of the sponsored research, a sharing of proceeds received from the sale of technology, and a portion of the royalties collected from any license the Company may grant. The Company has an option to terminate its royalty obligation following completion of the research period by making a termination payment to the State of Ohio.

b. LICENSE AND TECHNOLOGY AGREEMENTS:

In July 1992, the Company entered into a revised agreement with The Dow Chemical Company (Dow) for an exclusive global commercial sublicense to a specific antibody for use in RIGS system products subject to the approval of the National Cancer Institute of the National Institutes of Health (NCI/NIH). The NCI/NIH approved the sublicense arrangement in 1993. The agreement provides that the Company will pay Dow royalties on RIGS surgical system antibody product revenues. In October 1995, the Company entered an exclusive worldwide license agreement with Dow for use of its iodination technology. Under this agreement, the Company must pay royalties to Dow on net sales of radiolabeled targeting agents produced with Dow's iodination technology. The license lasts through the life of any patent covering this process. A retired officer of Dow is a director of the Company.

In April 1993, the Company entered into a long-term clinical and commercial supply agreement with Nordion International Inc. (Nordion) for the radiolabeling of the Company's monoclonal antibody for clinical trials and commercial sale. The agreement will remain in force for a minimum of three years after the Company is granted

approval to market in the U.S. or Europe. The Company agreed to purchase certain quantities of the radiolabeled antibody throughout the term of the agreement at prices already set or to be determined based on current information at the time of commercial approval. The Company incurred costs of approximately $350,000, $1.3 million, and $1.1 million for the years ended December 31, 1995, 1996, and 1997, respectively, and $3.6 million since execution of the agreement through December 31, 1997.

In July 1995, the Company entered into an agreement with Neoprobe (Israel) and Rotem Industries Ltd. (Rotem) which amended and superseded a similar agreement dated April 1994 for Rotem's assistance in the construction and operation of a radiolabeling facility for the Company's targeting agents. In consideration for their assistance, Rotem received a 5% equity interest in Neoprobe (Israel) and a monthly retainer until the facility is complete. Once the radiolabeling facility is complete, Rotem will be paid a management fee based on the volume of production. Rotem has the option to acquire an additional 5% equity interest in Neoprobe (Israel) during the period from July 1, 1996 to June 30, 1998 at a purchase price to be determined later. If this option is not exercised and if certain sales levels have not been met by the end of 1999, Rotem has the right to receive an additional 4% equity interest. Rotem is guaranteed a 5% equity interest in Neoprobe (Israel) until such time as the contributed equity investment by the

Company exceeds $2 million and the expenditures on the facility exceed $8,000,000 or the annual units shipped exceed 50,000.

In February 1996, the Company and XTL Biopharmaceuticals Ltd. ("XTL") executed a series of agreements, including an Investment Agreement and a Research and Development Agreement whereby XTL will perform specific research activities using XTL's proprietary technology for the development of future products for the Company. The Company purchased $1.5 million of convertible debentures of XTL, convertible into shares of common stock of XTL. The Company also acquired a warrant affording Neoprobe the option to purchase an additional equity interest in XTL. Neoprobe issued 125,000 shares of common stock to XTL in exchange for the convertible debentures, a three-year warrant, and (approximately $1 million) product development activities.

In March 1996, the Company executed a Subscription and Option Agreement with Cira Technologies, Inc.("Cira"), under which the Company received a 10% equity interest in Cira and an option to increase its interest in Cira by 15%. The Company's chairman is a director and shareholder of Cira. The Company and Cira also entered into an agreement under which the Company will provide financial, clinical, and technical support to conduct a clinical study using Cira's technology, and the Company will have an option to acquire an exclusive global license for Cira's technology. The Company's financial commitment for this clinical study will not exceed $500,000, and the Company has the right to terminate the agreement upon review of interim results of the clinical study. The Company has incurred expenses of approximately $125,000 and $239,000 for the years ended December 31, 1996 and 1997, respectively, under this agreement.

In May 1996, the Company executed two license agreements with Dow, whereby the Company was granted an exclusive license to technology (including the right to sublicense) covered by patents held by Dow. In exchange, the Company issued Dow 124,805 shares of common stock valued at $2 million. The Company agreed to make payments to Dow following achievement of certain development and commercial milestones by the Company. In addition, if the Company sublicenses the technology, the Company must pay Dow a certain percentage of all payments received by the Company. During 1997, the Company determined that due to specific clinical development achievements of competing technology, $500,000 of the cost of this technology should be expensed as research and development costs. At December 31, 1996 and 1997, approximately $1.5 million and $1 million, respectively, are included in intangible assets related to this technology representing assets with alternative future uses.

In September 1996, the Company executed a License and Distributorship Agreement ("Agreement") with the United States Surgical Corporation ("USSC"). Effective October 17, 1997, the Company and USSC agreed to terminate the Agreement, as amended. In connection with the termination, after receipt of payment, the Company agreed to pay USSC net commissions on orders received prior to the effective date of the termination and to continue to warranty and service devices sold under the terms of the Agreement. The parties have also agreed to discharge and release the other from all remaining claims and financial obligations relating to the Agreement, including license fees. The Company had also received $2 million from USSC on execution of the Agreement in 1996 and recognized this amount as income in the fourth quarter of 1997 concurrent with the termination of the Agreement.

c. EMPLOYMENT:

The Company has employment agreements through December 31, 1998 with two of its executive officers which provide for restricted stock purchase agreements. The agreements provide that the officers can purchase up to an aggregate of 80,000 shares of the Company's common

stock at par value subject to vesting provisions. Vesting of the shares does not commence unless there is a change in control of the Company. The unvested portion of the restricted shares will be forfeited no later than June 4, 2006. The Company has not recognized any expense under the agreement due to the contingent nature of the vesting provision and the risk of forfeiture.

12. LEASES:

The Company leases certain office and manufacturing equipment under capital leases which expire on various dates through 2002. In December 1996, the Company entered into a seventy-seven month lease agreement for office space, commencing April 1, 1997. In September 1996, the Company entered into an operating lease agreement for Neoprobe Europe's manufacturing facility, which will terminate in August 2004.

The future minimum lease payments for the years ending December 31 are as follows:

<TABLE>
<CAPTION>

	CAPITAL LEASES	OPERATING LEASES
<S>	<C>	<C>
1998	$168,884	$ 562,224
1999	106,787	567,225
2000	91,301	570,582
2001	56,590	571,596
2002	14,148	580,604
	437,710	$2,852,231
Less amount representing interest	26,215	
Present value of net minimum lease payments	$411,495	

</TABLE>

Total rental expense under operating leases was approximately $492,000, $621,000, and $850,000 for the years ended December 31, 1995, 1996, and 1997, respectively, and $3 million for the period November 16, 1983 (inception) to December 31, 1997.

13. EMPLOYEE BENEFIT PLAN:

The Company maintains an employee benefit plan under Section 401(k) of the Internal Revenue Code. The plan allows employees to make contributions and the Company may, but is not obligated to, match a portion of the employee's contribution with the Company's common stock, up to a defined maximum. The Company recorded expenses of $18,700, $19,500, and $57,300 related to common stock to be contributed to the plan in 1995, 1996, and 1997, respectively, and $128,700 for the period November 16, 1983 (inception) through December 31, 1997.

14. SUPPLEMENTAL DISCLOSURE FOR STATEMENTS OF CASH FLOWS:

The Company paid interest, net of amounts capitalized, aggregating $37,182, $35,917, and $62,653 for the years ended December 31, 1995, 1996, and 1997, respectively, and $430,056 for the period November 16, 1983 (inception) through December 31, 1997.

During 1995, the Company completed a strategic marketing agreement related to certain Asian markets for an additional investment of $700,000, of which

$200,013 was included in subscriptions receivable as of December 31, 1995. The Company also received subscription agreements with other parties for the exercise of 200,000 warrants for which $1,062,500 is recorded as subscriptions receivable at December 31, 1995.

During 1996, the Company issued common stock valued at a total of $5.7 million in exchange for license rights, convertible debentures, warrants, and product development activities. The Company also incurred capital lease obligations of approximately $29,000 and $455,000 in 1995 and 1997, respectively, to finance equipment.

15. CONTINGENCIES:

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Company.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

NEOPROBE CORPORATION

FORM 10-K ANNUAL REPORT

FOR THE FISCAL YEAR ENDED:

DECEMBER 31, 1997

EXHIBITS

==========

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	NUMBER OF PAGES IN ORIGINAL DOCUMENT+	PAGE IN MANUALLY SIGNED ORIGINAL
3.1.	Complete Restated Certificate of Incorporation of Neoprobe Corporation, as corrected and as amended	9	*
3.2.	Amended and Restated By-Laws, as amended	15	*
4.1.	See Articles FOUR, FIVE, SIX and SEVEN of the Restated Certificate of Incorporation of Registrant	3	*
4.2.	See Articles II and VI and Section 2 of Article III and Section 4 of Article VII of the Amended and Restated By-Laws of the Registrant	13	*
4.3.	Rights Agreement dated as of July 18, 1995 between the Registrant and Continental Stock Transfer & Trust Company.	47	*
10.1.1.-10.1.22.	Reserved		
10.1.23.	Brokers' Warrants for the purchase of shares of Common Stock dated June 30, 1995 issued to officers of Sunrise Financial Corporation. This exhibit is one of six substantially identical instruments and is accompanied by a schedule identifying the other documents omitted and setting forth the material details in which such documents differ from the one that is filed therewith.	10	*
10.1.24.	Reserved		
10.1.25.	Rights Agreement between the Registrant and Continental Stock Transfer & Trust Company dated as of July 18, 1995.	47	*
10.1.26.-10.1.30.	Reserved	18	*
10.2.1.-10.2.14.	Reserved		
10.2.15.	Option Agreements between the Registrant and David C. Bupp	17	*
10.2.16.-10.2.17.	Reserved		
10.2.18.	Non-Qualified Stock Option Agreement dated May 3, 1993 between the Registrant and David C. Bupp	4	*

- ----------
+ The Registrant will furnish a copy of any exhibit to a beneficial owner of its securities or to any person from whom a proxy was solicited in connection with the Registrant's most recent Annual Meeting of Stockholders upon the payment of a fee of fifty cents ($.50) a page.

* Incorporated by reference.

10.2.19.-10.2.20.	Reserved		
10.2.21.	Non-Qualified Stock Option Agreement dated May 3, 1993 between the Registrant and John L. Ridihalgh	4	*
10.2.22.	Reserved		
10.2.23.	Non-Qualified Stock Option Agreement dated February 28, 1992 and amended and restated June 3, 1993 between the Registrant and David C. Bupp	4	*
10.2.24.	Non-Qualified Stock Option Agreement dated July 1, 1990 and amended and restated June 3, 1993 between the Registrant and David C. Bupp	4	*
10.2.25.	Non-Qualified Stock Option Agreement dated June 1, 1992 and amended and restated June 3, 1993 between the Registrant and John L. Ridihalgh	4	*
10.2.26.	Amended and Restated Stock Option and Restricted Stock Purchase Plan dated March 3, 1994	11	*
10.2.27.-10.2.28.	Reserved		
10.2.29.	Non-Qualified Stock Option Agreement dated February 16, 1995 between the Registrant and John L. Ridihalgh	3	*
10.2.30.	Non-Qualified Stock Option Agreement dated February 16, 1995 between the Registrant and David C. Bupp	3	*
10.2.31.	Employment Agreement dated as of January 1, 1996 between the Registrant and John L. Ridihalgh	7	*
10.2.32.	Employment Agreement dated as of January 1, 1996 between the Registrant and David C. Bupp	12	*
10.2.33.	Reserved		

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10.2.34.	Restricted Stock Purchase Agreement dated June 5, 1996 between the Registrant and John L. Ridihalgh	4	*
10.2.35.	Restricted Stock Purchase Agreement dated June 5, 1996 between the Registrant and David C. Bupp	4	*
10.2.36.	Restricted Stock Purchase Agreement dated as of November 25, 1996 between the Registrant and Joseph R. Bianchine, as amended January 2, 1997	4	*

10.2.37.	1996 Stock Incentive Plan dated January 18, 1996 as amended March 13, 1997	21	
10.2.38.	Non-Qualified Stock Option Agreement dated January 18, 1996 between the Registrant and John L. Ridihalgh	3	
10.2.39.	Non-Qualified Stock Option Agreement dated January 18, 1996 between the Registrant and David C. Bupp	3	
10.2.40.	Non-Qualified Stock Option Agreement dated February 3, 1997 between the Registrant and John L. Ridihalgh	3	
10.2.41.	Non-Qualified Stock Option Agreement dated February 3, 1997 between the Registrant and David C. Bupp	3	
10.3.1.	Technology Transfer Agreement dated July 29, 1992 between the Registrant and The Dow Chemical Corporation (subject to an order granting portions thereof confidential treatment)	15	*
10.3.2.-10.3.7.	Reserved		
10.3.8.	Supplemental Agreement dated July 19, 1985 between the Registrant and The Ohio State University, acting on behalf of the State of Ohio (subject to an order granting portions thereof confidential treatment)	10	*

</TABLE>

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<TABLE>
<S> <C> <C> <C>

10.3.9.	Task Order Agreement for Sponsored Clinical Research dated May 15, 1992, between the Registrant and The Ohio State University Research Foundation (subject to an order granting portions thereof confidential treatment)	7	*
10.3.10.	License Agreement dated July 23, 1992 between the Registrant and The Ohio State University Research Foundation (subject to an order granting portions thereof confidential treatment)	8	*
10.3.11.	License Agreement dated July 23, 1992 between the Registrant and The Ohio State University Research Foundation (subject to an order granting portions thereof confidential treatment)	8	*
10.3.12.-10.3.15.	Reserved		
10.3.16.	Drug Manufacture Agreement dated April 6, 1993 between the Registrant and Nordion International Inc. (subject to an order granting portions thereof confidential treatment)	14	*
10.3.17.-10.3.28.	Reserved		

</TABLE>

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* Incorporated by reference.

<TABLE>
<S> <C> <C> <C>
10.3.29. Manufacturing and Supply Agreement dated February 20, 1995 between the Registrant and Bio-Intermediair, B.V. 10 *

10.3.30. Facility Agreement dated July 17, 1995 among Registrant, Neoprobe (Israel) Ltd., and Rotem Industries, Ltd. (subject to an order granting portions thereof confidential treatment) 12 *

10.3.31. Cooperative Research and Development Agreement between Registrant and National Cancer Institute 67 *

10.3.32. First Amendment to Facility Agreement dated July 17, 1995 among Registrant, Neoprobe (Israel), Ltd. and Rotem Industries, Ltd. 1 *

10.3.33. Investment Agreement dated January 31, 1996 between the Registrant and XTL Biopharmaceuticals, Ltd. 88 *

10.3.34. $1,500,000 5% Convertible Subordinated Debenture Due February 13, 1998 of XTL Biopharmaceuticals, Ltd. issued to Registrant on February 13, 1996. 13 *

10.3.35. Investors' Rights Agreement dated February 5, 1996 between Registrant and XTL Biopharmaceuticals, Ltd 19 *

10.3.36. Warrant to purchase Class A Common Shares of XTL Biopharmaceuticals, Ltd. issued to Registrant on February 13, 1996 11 *

10.3.37. Research and Development Agreement dated February 13, 1996 between Registrant and XTL Biopharmaceuticals, Ltd. (subject to an order granting portions thereof confidential treatment) 14 *

10.3.38. Sublicense Agreement dated February 13, 1996 between Registrant and XTL Biopharmaceuticals, Ltd. (subject to an order granting portions thereof confidential treatment) 8 *

10.3.39. Reserved.
</TABLE>
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* Incorporated by reference.

<TABLE>
<S> <C> <C> <C>
10.3.40. Subscription and Option Agreement dated March 14,

	1996 between Registrant and Cira Technologies Inc.	19		*
10.3.41.-10.3.43.	Reserved.			
10.3.44.	Technology Option Agreement dated as of March 14, 1996 between Cira Technologies, Inc. and Registrant(subject to an order granting portions thereof confidential treatment)	12		*
10.3.45.	License dated May 1, 1996 between Registrant and The Dow Chemical Company	9		*
10.3.46.	License Agreement dated May 1, 1996 between Registrant and The Dow Chemical Company(subject to an order granting portions thereof confidential treatment)	27		*
10.4.1.-10.4.15.	Reserved			
10.4.16.	Project Management Agreement dated May 17, 1995 between Neoprobe (Israel) Ltd. and BARAN Project Construction Ltd.	6		*
10.4.17.	Strategic Marketing Agreement dated August 30, 1995 between Registrant and Damon Pharm Ltd. (subject to an order granting portions thereof confidential treatment)	31		*
10.4.18.	Exclusive Distribution Agreement dated September 25, 1995 between Registrant and Syncor International Corporation (subject to an order granting portions thereof confidential treatment)	8		*
10.4.19.	Exclusive Distribution Services Agreement dated November 30, 1995 between Registrant and Nordion Europe S.A. (subject to an order granting portions thereof confidential treatment)	20		*

</TABLE>

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<TABLE>

<S>	<C>	<C>	<C>
10.4.20.	License and Distribution Agreement dated September 18, 1996 between Registrant and United States Surgical Corporation (subject to an order granting portions thereof confidential treatment)	67	*
10.4.21.	First Amendment to the License and Distribution Agreement dated May 14, 1997 between Registrant and United States Surgical Corporation (filed pursuant to Rule 24b-2 under which the Registrant has requested confidential treatment of certain portions of this Exhibit)	6	*
11.1.	Computation of Net Loss Per Share	1	
21.1.	Subsidiaries of Registrant	1	
23.1.	Consent of Coopers & Lybrand L.L.P.	1	

24.1.	Powers of Attorney	9
24.2.	Certified resolution of the Registrant's Board of Directors authorizing officers and directors signing on behalf of the Company to sign pursuant to a power of attorney	1

</TABLE>

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Exhibit 10.2.37

NEOPROBE CORPORATION

1996 STOCK INCENTIVE PLAN

January 18, 1996

Amended March 13, 1997

P R E A M B L E :

1. Neoprobe Corporation, a Delaware corporation ("Neoprobe" or the "Company") by means of this 1996 Stock Incentive Plan (the "Plan"), desires to attract and retain capable directors, employees and consultants and to provide them with long term incentives to continue their services to the Company, to maximize the value of the Company to its stockholders and to acquire a continuing ownership interest in the Company.

2. The Company has determined that the foregoing objectives will be promoted by granting Awards (as hereinafter defined) under this Plan to certain directors and employees of and consultants to the Company and its subsidiaries, if any, pursuant to this Plan.

T E R M S :

Article 1. Definitions.

Section 1.1. General. Certain words and phrases used in this Plan shall have the meanings given to them below in this section:

"Award" means a grant of Options or Unrestricted Stock or the right to purchase Restricted Stock under the Plan.

"Board of Directors" means the board of directors of Neoprobe.

"Change in Control" means (a) the acquisition by any person (defined for the purposes of this definition to mean any person within the meaning of Section 13(d) of the Exchange Act), other than Neoprobe or an employee benefit plan created by the Board of Directors for the benefit of its Employees, either directly or indirectly, of the beneficial ownership (determined under Rule 13d-3 of the Regulations promulgated by the SEC under Section 13(d) of the Exchange Act) of securities issued by Neoprobe having fifteen percent (15%) or more of the voting power of all the voting securities issued by Neoprobe in the election of Directors at the next meeting of the holders of voting securities to be held for such purpose; (b) the election of a majority of the Directors elected at any meeting of the holders of voting securities of Neoprobe who are persons who were not

nominated for such election by the Board of Directors or a duly constituted committee of the Board of Directors having authority in such matters; (c) the approval by the stockholders of Neoprobe of a merger or consolidation with another person, other than a merger or consolidation in which the holders of Neoprobe's voting securities issued and outstanding immediately before such merger or consolidation continue to hold voting securities in the surviving or resulting corporation (in the same relative proportions to each other as existed before such event) comprising eighty percent (80%) or more of the voting power for all purposes of the surviving or resulting corporation; or (d) the approval by the stockholders of Neoprobe of a transfer of substantially all of the assets of Neoprobe to another person other than a transfer to a transferee, eighty percent (80%) or more of the voting power of which is owned or controlled by Neoprobe or by the holders of Neoprobe's voting securities issued and outstanding immediately before such transfer in the same relative proportions to each other as existed before such event.

"Code" means the Internal Revenue Code of 1986 and the regulations thereunder, as now in effect or hereafter amended.

"Committee" means the Committee of the Board of Directors that administers the Plan under Section 2.1 below.

"Common Stock" means the common stock, par value $.001 per share, of the Company.

"Consultant" means any person who provides services to the Company or any Subsidiary (other than in connection with the offer or sale of securities of the Company or any Subsidiary in a capital raising transaction), who is neither an Employee nor a Director and who is a consultant or an adviser to the Company or any Subsidiary within the meaning of General Instruction A.1. to Form S-8 promulgated by the SEC under the Securities Act of 1933.

"Date of Grant" means the date an Award is first granted.

"Director" means a member of the Board of Directors.

"Effective Date" means the date this Plan is first adopted by the Board of Directors.

"Employee" means any common law employee of Neoprobe or any Subsidiary of Neoprobe.

"Exchange Act" means the Securities Exchange Act of 1934.

"Exercise Price" means, with respect to an Option, the amount of consideration that must be delivered to the Company in order to purchase a single Share thereunder.

"Fair Market Value of a Share" means the amount determined to be the fair market value of a single Share by the Committee based upon the trading price of the Shares, their offering price in public and private offerings by the Company and such other factors as it deems relevant. In the absence of such a determination, the Fair Market Value of a Share shall be deemed to be (a) if the Shares are listed or admitted to trading on a national securities exchange or the Nasdaq National Market, the per Share closing price regular way on the principal national securities exchange or the Nasdaq National Market on which the Shares are listed or admitted to trading on the day prior to the date of determination or, if no closing price can be determined for the date of determination, the most recent date for which such price can reasonably be ascertained, or (b) if the Shares are not listed or admitted to trading on a national securities exchange or the Nasdaq National Market, the mean between the representative bid and asked per Share prices in the over-the-counter market at the closing of the day prior to the date of determination or the most recent such bid and asked prices then available, as reported by NASDAQ or if the Shares are not then quoted by NASDAQ as furnished by any market maker selected from time to time by Neoprobe for that purpose.

"Grantee" means any Participant to whom an Award has been granted.

"Holder" means any Grantee who holds a valid Award and any heir or legal representative to whom such Grantee's Award has been transferred by will or the laws of descent and distribution.

"Incentive Stock Option" or "ISO" means an Option intended to comply with the terms and conditions set forth in Section 422 of the Code.

"Meeting Date" means the date of the first regular meeting of the Board of Directors in each fiscal year of the Company. For 1997, the Meeting Date shall be deemed to be March 13, 1997.

"Nonqualified Option" means a Stock Option other than an Incentive Stock Option.

"Officer" means an officer of the Company as defined in 17 C.F.R. ss. 240.16a-1(f) as now in effect or hereafter amended.

"Option" or "Stock Option" means a right granted under Article 5 or 6 of the Plan to a Participant to purchase a stated number of Shares.

"Option Agreement" means an agreement evidencing an Option substantially in the form of Exhibit A or Exhibit B hereto.

"Parent" means a parent of a given corporation as such term is defined in Section 424(e) of the Code.

"Participant" means a person who is eligible to receive and has received an Award under the Plan.

"Plan" means this Plan as it may be amended or restated from time to time.

"Restricted Stock" means Shares purchased under Article 7 of the Plan that are subject to restrictions on transfer and risks of forfeiture under the Plan.

"Restricted Stock Purchase Agreement" means a Restricted Stock Purchase Agreement in the form of Exhibit C attached hereto.

"Rule 16b-3" means Rule 16b-3 (17 C.F.R. ss. 240.16b-3) promulgated under Section 16(b) of the Exchange Act as now in effect or hereafter amended.

"SEC" means the Securities and Exchange Commission.

"Shares" means shares of Common Stock.

"Subsidiary" means a subsidiary of a given corporation as such term is defined in Section 424(f) of the Code.

"Ten Percent Stockholder" means a person who owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company. Ownership shall for the purposes of the previous sentence be determined under the rules set forth in Section 424 of the Code.

"Termination without cause" means a termination of the employment or consulting relationship of a Grantee that is not for cause and is not occasioned by the resignation, death or disability of the Grantee.

"Unrestricted Stock" means Shares granted to a Grantee under Article 9 of the Plan.

Section 1.2. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

Section 1.3. Effect of Definitions. The definitions set forth in Section 1.1 above shall apply equally to the singular, plural, adjectival, adverbial and other forms of any of the words and phrases defined regardless of whether they are capitalized.

Article 2. Administration.

Section 2.1. Committee. The Plan shall be administered by a committee of the Board of Directors consisting of two or more Directors, each of whom is a "Non--Employee Director" as described in paragraph (b)(3) of Rule 16b-3 and is an "outside director" as described in Code Section 162(m) and the regulations thereunder (the "Committee"). Unless the Board of Directors designates another of its committees to administer the Plan, the Plan shall be administered by a committee consisting of those members of the Compensation Committee of the Board of Directors who are disinterested persons and are outside directors, but, if the Compensation Committee is abolished or its membership does not contain two persons who do comply with the requirements of the first sentence of this Section 2.1, the Board of Directors shall either reconstitute the Compensation

Committee in compliance with or create another Committee that complies with the requirements of the first sentence of this Section 2.1 to administer the Plan. The Committee may be referred to as the Stock Option Committee.

Section 2.2. Authority. Subject to the express provisions of the Plan and in addition to the powers granted by other sections of the Plan, the Committee has the authority, in its discretion, to: (a) determine the Participants, grant Awards and determine their timing, pricing and amount; (b) define, prescribe, amend and rescind rules, regulations, procedures, terms and conditions relating to the Plan; (c) make all other determinations necessary or advisable for administering the Plan, including, but not limited to, interpreting the Plan, correcting defects, reconciling inconsistencies and resolving ambiguities; (d) review and resolve all claims of Employees, Grantees and Participants; and (e) delegate to the Officers the authority to select Grantees under Article 5 (other than Officers) and grant Awards to such Grantees having terms and in aggregate amounts determined by the Committee. The actions and determinations of the Committee on matters related to the Plan shall be conclusive and binding upon the Company and all Employees, Grantees and Participants.

Article 3. Shares.

Section 3.1. Number. The aggregate number of Shares in respect of which Awards may be granted under the Plan shall not exceed one million five hundred thousand (1,500,000), which number of Shares is hereby reserved for issuance under the Plan out of the authorized but unissued Shares.

Section 3.2. Cancellations. If any Awards granted under the Plan are canceled, terminate or expire for any reason without having been exercised in full, the Shares related to the unexercised portion of an Award shall be available again for the purposes of the Plan. If any Shares purchased under the Plan are forfeited for any reason, the Shares shall be available again for purposes of the Plan.

Section 3.3. Anti-Dilution.

(a) If the Shares are split or if a dividend of Shares is paid on the Shares, the number of Shares for which each then outstanding Award is exercisable or which is then Restricted Stock and the number of Shares as to which Awards may be granted under this Plan shall be increased automatically by the ratio between the number of Shares outstanding immediately after such event and the number of Shares outstanding immediately before such event and the Exercise Price thereof shall be decreased automatically by the same ratio, and if the Shares are combined into a lesser number of Shares, the number of Shares for which each then outstanding Award is exercisable or which is then Restricted Stock and the number of Shares as to which Awards may be granted under the Plan shall be decreased automatically by such ratio and the Exercise Price thereof shall be increased automatically by such ratio.

(b) In the event of any other change in the Shares, through recapitalization, merger, consolidation or exchange of shares or otherwise, there shall automatically be substituted for each Share subject to an unexercised Award or which is then Restricted Stock and each Share available for additional grants of Awards, the number and kind of shares or other securities into which each outstanding Share was changed, and the Exercise Price shall be increased or decreased proportionally so that the aggregate Exercise Price for the securities subject to each Award shall remain the same as immediately before such event; and the Committee may make such further equitable adjustments in the Plan and the then outstanding Awards and Restricted Stock Purchase Agreements as it deems necessary and appropriate including, but not limited to, changing the number of Shares reserved under the Plan or covered by outstanding Awards, the Exercise Price of outstanding Awards and Restricted Stock Purchase Agreements and the vesting conditions of outstanding Awards and Restricted Stock Purchase Agreements.

Section 3.4. Source. Except as otherwise determined by the Board of Directors, the Shares issued under the Plan shall be authorized but unissued Shares. However, Shares which are to be delivered under the Plan may be obtained by the Company from its treasury, by purchases on the open market or from private sources, or by issuing authorized but unissued Shares. The proceeds of the exercise of any Award shall be general corporate funds of the Company. No Shares may be sold under any Option or

Restricted Stock Purchase Agreement for less than the par value thereof. No fractional Shares shall be issued or sold under the Plan nor will any cash

payment be made in lieu of fractional Shares.

Section 3.5. Rights of a Stockholder. Except as otherwise provided in any Restricted Stock Purchase Agreement, no Grantee or other person claiming under or through any Grantee shall have any right, title or interest in or to any Shares allocated or reserved under the Plan or subject to any Award except as to such Shares, if any, for which certificates representing such Shares have been issued to such Grantee.

Section 3.6. Securities Laws. No Award shall be exercised nor shall any Shares or other securities be issued or transferred pursuant to an Award unless and until all applicable requirements imposed by federal and state securities laws and by any stock exchanges upon which the Shares may be listed, have been fully complied with. As a condition precedent to the exercise of an Award or the issuance of Shares pursuant to the grant or exercise of an Award, the Company may require the Grantee to take any reasonable action to meet such requirements including providing undertakings as to the investment intent of the Grantee, accepting transfer restrictions on the Shares issuable thereunder and providing opinions of counsel, in form and substance acceptable to the Company, as to the availability of exemptions from such requirements.

Article 4. Eligibility.

Section 4.1. Article 5. Only Employees and Consultants who are not members of the Committee, shall be eligible to receive Options under Article 5 below.

Section 4.2. Article 6. Only Directors who are not Employees, shall be eligible to receive Options under the provisions of Article 6 below.

Section 4.3. Article 7. Only Officers shall be eligible to purchase Restricted Stock under Article 7 below.

Section 4.4. Article 8. Only Employees and Consultants who are not members of the Committee shall be eligible to receive Unrestricted Stock under Article 8 below.

Article 5. Stock Options.

Section 5.1. Determinations. The Committee shall determine which eligible Employees or Consultants shall be granted Options, the number of Shares for which the Options may be exercised, the times when they shall receive them and the terms and conditions of individual Option grants (which need not be identical); provided, however, that the maximum number of Shares with respect to which Options may be granted during any fiscal year of the Company to any Employee shall be five hundred thousand (500,000). The Committee may delegate the authority granted to it in this Section 5.1 pursuant to clause (e) of Section 2.2 above.

Section 5.2. Exercise Price. The Committee shall determine the Exercise Price of each Option at the time that it is granted, but in no event shall the Exercise Price of an Option be less than the Fair Market Value of a Share on the Date of Grant. If no express determination of the Exercise Price of an Option is made by the Committee, the Exercise Price thereof is equal to the Fair Market Value of a Share on the Date of Grant.

Section 5.3. Term. Subject to the rule set forth in the next sentence, the Committee shall determine the term during which an Option is exercisable at the time that it is granted. No Option shall be exercisable after the expiration of ten (10) years from the Date of Grant. If no express determination of the times when Options are exercisable is made by the Committee:

(a) each Option shall vest and first become exercisable as to one third (1/3) of the Shares originally subject to the Option (subject to the rule set forth in Section 5.4(c) below) on each anniversary of the Date of Grant provided the Grantee thereof has been an Employee or a Consultant, as the case may be, continuously during the time beginning on the Date of Grant and ending on the date when such portion of the Option first becomes exercisable; and

(b) each Option shall lapse and cease to be exercisable upon the earliest of (i) the expiration of ten (10) years from the Date of Grant, (ii) subject to

the rule set forth in Section 5.4(d) below, nine (9) months after the Grantee ceases to be an Employee or Consultant because of his death or disability, (iii) ninety (90) days after the Grantee's employment with or services to the Company or any Subsidiary are terminated by the Company or such Subsidiary without cause, or (iv) immediately upon termination of the Grantee's employment with or services to the Company or any Subsidiary by the Company or any Subsidiary for cause or by the Grantee's resignation.

Where both an Incentive and a Nonqualified Option are granted, the number of Shares which become exercisable under clause (a) of the previous sentence at any time shall be calculated on the basis of the total of the Shares subject to both Options and the Options shall become exercisable as to that number of Shares first under the Incentive Stock Option and then under the Nonqualified Option, unless the rule set forth in Section 5.4(c) below would defer the exercisability of such Incentive Stock Option, in which case such Nonqualified Options shall become exercisable first. Notwithstanding the terms of any Option, the preceding sentence and Section 5.4, all Options that have not previously been exercised nor lapsed and ceased to be exercisable shall vest and become exercisable upon the occurrence of any Change in Control if the Grantee is an Employee or Consultant at time of the Change in Control.

Section 5.4. Incentive Stock Options.

(a) The Committee shall determine whether any Option is an Incentive Stock Option or a Nonqualified Option at the time that it is granted, and if no express determination is made by the Committee, all Options granted to Participants who are Employees and who are not Ten Percent Stockholders are Incentive Stock Options and all Options granted to Ten Percent Stockholders or Consultants are Nonqualified Options.

(b) If the Committee grants Incentive Stock Options, they shall be on such terms and conditions as may be necessary to render them "incentive stock options" pursuant to Section 422 of the Code.

(c) The aggregate Fair Market Value of the Shares, determined as of the time the Option is granted, which first become exercisable under all Incentive Stock Options granted under this Plan or any other plan of the Company or any Parent or Subsidiary of the Company, shall not exceed one hundred thousand dollars ($100,000) during any calendar year and if the foregoing limit would be exceeded in any given calendar year by the terms of any Incentive Stock Option granted hereunder, the exercisability of such portion of such Option as would exceed such limit shall be deferred to the first day of the next calendar year and if such excess involves more than one Option, the exercisability of the most recently granted Option shall be deferred first.

(d) If the employment of a Participant, who holds an ISO, with the Company is terminated because of a "disability" (within the meaning of Section 22(e)(3) of the Code), the unexercised portion of his ISO may only be exercised within six (6) months after the date on which his employment was terminated, and only to the extent that such Participant could have otherwise exercised such ISO as of the date of termination. If a Participant, who holds an ISO, dies while he is employed by the Company (or within six (6) months after termination of his employment by reason of a disability or within one (1) month after termination of his employment without cause), the unexercised portion of his ISO at the time of his death may only be exercised within six (6) months after the date of his death, and only to the extent that he could have otherwise exercised such ISO at the time of his death. In such event, such ISO may be exercised by the executor or administrator of his estate or by any Holder.

(e) No Ten Percent Stockholder shall be granted an Incentive Stock Option, unless at the time such Incentive Stock Option is granted, the Exercise Price thereof is at least one hundred ten percent (110%) of the Fair Market Value of a Share on the Date of Grant and the Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the Date of Grant.

(f) If a Grantee exercises an Incentive Stock Option and disposes of any of the Shares received by such Grantee as a result of such exercise within two (2) years from the Date of Grant or within one (1) year after the transfer of such Shares to such Grantee upon such exercise, such Grantee shall notify the Company of such disposition and the consideration

received as a result thereof and pay or provide for the withholding taxes on such disposition as required by Section 9.4 below.

(g) An Option that is designated as a Nonqualified Option under this Plan shall not be treated as an "incentive stock option" as such term is defined in Section 422(b) of the Code.

Section 5.5. Exercise. An Option shall be exercised by the delivery of the Option Agreement therefor with the notice of exercise attached thereto properly completed and duly executed by the Holder named therein to the Treasurer of the Company, together with the aggregate Exercise Price for the number of Shares as to which the Option is being exercised, after the Option has become exercisable and before it has ceased to be exercisable. An Option may be exercised as to less than all of the Shares purchasable thereunder, but not for a fractional share. No Option may be exercised as to less than one hundred (100) Shares unless it is exercised as to all of the Shares then available thereunder. If an Option is exercised as to less than all of the Shares purchasable thereunder, a new duly executed Option Agreement reflecting the decreased number of Shares exercisable under such Option, but otherwise of the same tenor, shall be returned to the Holder. The Committee may, in its sole discretion, and upon such terms and conditions as it shall determine at or after the Date of Grant, permit the Exercise Price to be paid in cash, by the tender to the Company of Shares owned by the Holder or by a combination thereof. If the Committee does not make such determination, the Exercise Price shall be paid in cash. If any portion of the Exercise Price of an Option is payable in cash, it may be paid by (a) delivery of a certified or cashier's check payable to the order of the Company in such amount, (b) wire transfer of immediately available funds to a bank account designated by the Company, or (c) reduction of a debt of the Company to the Holder. If any portion of the Exercise Price of an Option is payable in Shares it may be paid by delivery of certificates representing a number of Shares having a total Fair Market Value on the date of delivery equal to or greater than the required amount, duly endorsed for transfer with all signatures guaranteed by a bank or a member of the National Association of Securities Dealers with a medallion guarantee. If more Shares than are necessary to pay such Exercise Price based on their Fair Market Value on the date of first delivery to the Company are delivered to the Company, it shall return to the Holder a certificate for the balance of the whole number of Shares and a check payable to the order of the Holder for any fraction of a Share. Shares may not be delivered to the Company as payment for the exercise of an Option, if such Shares have been owned by the Holder (together with his decedent or testator) for less than six (6) months or if the disposition of such Shares would require the giving of a notice under Section 5.4(f) above. Promptly after an Option is properly exercised, the Company shall issue to the Grantee a certificate representing the Shares purchased thereunder.

Section 5.6. Option Agreement. Promptly after the Date of Grant, Neoprobe shall duly execute and deliver to the Grantee an Option Agreement setting forth the terms of the Option. Option Agreements are not negotiable instruments or securities (as such term is defined in Article 8 of the Uniform Commercial Code). Lost and destroyed Option Agreements may be replaced without bond.

Section 5.7. New Hires. A person to whom the Company is offering employment may be granted a Nonqualified Option under this Article 5, but any such grant shall lapse if the person does not subsequently become an Employee pursuant to such offer.

Section 5.8. Acceleration. Notwithstanding anything else in the Plan, the Committee may, in its sole discretion, at any time or from time to time thereafter, accelerate the time at which any Options become exercisable or waive any provisions of the Plan relating to the manner of payment or procedures for the exercise of any Option. Any such acceleration may be made effective (a) with respect to one or more or all Grantees, (b) with respect to some or all of the Shares subject to an Option of any Grantee or (c) for a period of time ending at or before the expiration date of any Option.

Article 6. Directors' Stock Options.

Section 6.1. Grant. On each Meeting Date (beginning with the Meeting Date in 1997), an Option to purchase five thousand (5,000) Shares or such lesser

number as remain available for granting under Article 3 above shall be automatically granted to each

Director who is eligible to receive Options under Section 4.2 above and who attended at least seventy five per cent (75%) of the total number of meetings of the Board of Directors (and committees thereof of which he is a member) during the most recently ended fiscal year of the Company. The Board of Directors may, by a resolution adopted on or before a Meeting Date uniformly applying to all eligible Directors, increase or decrease the number of Shares subject to the Option granted under this Section 6.1 on the Meeting Date on which such resolution is adopted and thereafter.

Section 6.2. Exercise Price. The Exercise Price of an Option shall be equal to the Fair Market Value of a Share on the Date of Grant.

Section 6.3. Term. (a) Each Option shall vest and first become exercisable as to thirty-three and one-third percent (33-1/3%) of the Shares originally subject to the Option on each Meeting Date which is held more than six (6) months after the Date of Grant if the Grantee is a Director at the time of the adjournment of the meeting of the Board of Directors held on such Meeting Date; and (b) each Option shall lapse and cease to be exercisable upon the earliest of (i) the expiration of ten (10) years from the Date of Grant, (ii) nine (9) months after the Grantee ceases to be a Director because of his death or disability, (iii) immediately upon resignation by the Grantee as a Director, or (iv) thirty (30) days after the Grantee ceases to be a Director for any reason other than his death, disability or resignation. Notwithstanding the foregoing, all Options that have not previously been exercised nor lapsed and ceased to be exercisable shall vest and become exercisable upon the occurrence of any Change in Control if the Grantee is a Director at time of the Change in Control.

Section 6.4. Not Incentive Stock Options. An Option under this Article 6 shall not be treated as an Incentive Stock Option.

Section 6.5. Exercise. An Option shall be exercised by the delivery of the Option Agreement therefor with the notice of exercise attached thereto properly completed and duly executed by the Grantee named therein to the Treasurer of the Company, together with the aggregate Exercise Price for the number of Shares as to which the Option is being exercised, after the Option has become exercisable and before it has ceased to be exercisable. An Option may be exercised as to less than all of the Shares purchasable thereunder but not for a fractional Share. No Option may be exercised as to less than one hundred (100) Shares unless it is exercised as to all of the Shares then available thereunder. If an Option is exercised as to less than all of the Shares purchasable thereunder, a new duly executed Option Agreement reflecting the decreased number of Shares exercisable under such Option, but otherwise of the same tenor, shall be returned to the Grantee. The Exercise Price shall be paid in cash by (a) delivery of a certified or cashier's check payable to the order of the Company in such amount, (b) wire transfer of immediately available funds to a bank account designated by the Company, or (c) reduction of a debt of the Company to the Grantee. Promptly after an Option is properly exercised, the Company shall issue to the Grantee a certificate representing the Shares purchased thereunder.

Section 6.6. Option Agreement. Promptly after the Date of Grant, Neoprobe shall duly execute and deliver to the Grantee an Option Agreement setting forth the terms of the Option. Option Agreements are neither negotiable instruments nor securities (as such term is defined in Article 8 of the Uniform Commercial Code). Lost and destroyed Option Agreements may be replaced without bond.

Article 7. Restricted Stock.

Section 7.1. Determinations. The Committee shall determine which Participants may purchase Restricted Stock, the number of shares of Restricted Stock each Grantee may purchase, the times when they may purchase Restricted Stock, the vesting and forfeiture provisions of the Restricted Stock and the purchase price of the Restricted Stock; provided, however, that the maximum number of shares of Restricted Stock which may be sold during any fiscal year of the Company to any Employee shall be one hundred thousand (100,000), and that the vesting parameters so prescribed shall include (a) the attainment of a preestablished performance goal that satisfies the requirements of Section 162(m) of the Code and the regulations thereunder and (b) the Committee's

certification in writing of such attainment, whether incorporated in the minutes of the Committee

or otherwise. Notwithstanding the terms of any Award granted under this Section 7, all shares of Restricted Stock that have not previously been forfeited shall vest fully and become transferable upon the occurrence of any Change in Control.

Section 7.2. Agreements. Once the Committee has made the determinations required by Section 7.1 above with respect to any Grantee, the appropriate officers of the Company shall enter into a Restricted Stock Purchase Agreement with the Grantee setting forth the terms determined by the Committee. No Holder shall have any right to purchase Restricted Stock, hold Restricted Stock, or exercise any rights as a stockholder of the Company unless and until such Holder has executed and delivered an appropriately completed form of Restricted Stock Purchase Agreement to the Company and the Company has delivered a counterpart thereof, executed by an appropriate officer of the Company, to the Holder. Restricted Stock Purchase Agreements are neither negotiable instruments nor securities (as such term is defined in Article 8 of the Uniform Commercial Code). Lost and destroyed Restricted Stock Purchase Agreements may be replaced without bond.

Article 8. Unrestricted Stock.

The Committee may grant Awards of Unrestricted Stock in consideration for services rendered by a Participant if such services are deemed by the Committee to have a value to the Company in excess of the par value of the Shares so awarded; provided, however, that the maximum number of shares of Unrestricted Stock which may be granted during any fiscal year of the Company to any Participant shall be twenty five thousand (25,000). The Committee shall determine which Participants will receive Unrestricted Stock, the number of shares of Unrestricted Stock each Grantee will receive, the times when each Grantee shall receive Unrestricted Stock, and the terms and conditions of individual Unrestricted Stock Awards (which need not be identical). Promptly after the grant of an Award of Unrestricted Stock, the Company shall issue to the Grantee a certificate representing the Shares received thereunder. A person to whom the Company is offering employment may be granted Unrestricted Stock under this Article 8, but any such grant shall lapse if the person does not subsequently become an Employee pursuant to such offer.

Article 9. Provisions Applicable to all Types of Awards.

Section 9.1. Surrender and Exchange. The Committee may permit the voluntary surrender of all or a portion of any Award to be conditioned upon the granting to the Participant of a new Award for the same or a different number of Shares as the Award surrendered, or may require such voluntary surrender as a condition precedent to a grant of a new Award to such Participant. Subject to the provisions of the Plan, such new Award shall be exercisable at the price, during the period and on such other terms and conditions as are specified by the Committee at the time the new Award is granted. Upon surrender, the Award surrendered shall be canceled and the Shares previously subject to it shall be available for the grant of other Awards.

Section 9.2. Corporate Mergers and Acquisitions. The Committee may grant Awards having terms and conditions which vary from those specified in the Plan if such Awards are granted in substitution for, or in connection with the assumption of, existing awards granted by another business entity and assumed or otherwise agreed to be provided for by Neoprobe pursuant to or by reason of a transaction involving a merger or consolidation of or acquisition of substantially all of the assets or stock of another business entity that is not a Subsidiary of Neoprobe prior to such acquisition, with or by Neoprobe or its Subsidiaries.

Section 9.3. Actions by Committee After Grant. The Committee shall, subject to the written consent of the Grantee where the action impairs or adversely alters the rights of the Grantee, have the right at any time and from time to time after the Date of Grant of any Award to modify the terms of any Award.

Section 9.4. Withholding. The Company shall have the right to withhold

from any payments due under any Award or due to any Grantee from the Company as compensation or otherwise the amounts of any federal, state or local withholding taxes not paid by the Grantee at the time of the exercise or vesting of any Award or upon a disposition of Shares

received upon the exercise of an Incentive Stock Option. If cash payments sufficient to allow for withholding of taxes are not made at the time of exercise or vesting of an Award, the Grantee exercising such Award shall pay to Neoprobe an amount equal to the withholding required to be made less the withholding otherwise made in cash or, if allowed by the Committee in its discretion and pursuant to rules adopted by the Committee consistent with Section 5.5 above, Shares previously owned by the Grantee. The Company may make such other provisions as it deems appropriate to withhold any taxes the Company determines are required to be withheld in connection with the exercise of any Award or upon a disqualifying disposition of Shares received upon the exercise of an Incentive Stock Option, including, but not limited to, the withholding of Shares from an Award upon such terms and conditions as the Committee may provide. The Company may require the Participant to satisfy any relevant withholding requirements before issuing Shares or delivering any Award to the Participant.

Section 9.5. Disability. If a Grantee who is an Employee with or Consultant to the Company is absent from work with the Company because of a physical or mental disability, for purposes of the Plan, such Grantee will not be considered to have ended his employment with the Company while he has that disability, unless he resigns or the Committee decides otherwise. If a Grantee who is a Director is absent from meetings of the Board of Directors because of a physical or mental disability, for purposes of the Plan, such Grantee will not be considered to have ended his service with the Board of Directors while he has that disability, unless he resigns or is not re-elected by the stockholders.

Article 9. General Provisions.

Section 9.1. No Right to Employment. Nothing in the Plan or any Award or any instrument executed pursuant to the Plan will confer upon any Participant any right to continue to be employed by or provide services to the Company or affect the right of the Company to terminate the employment of any Participant or its other relationship with any Participant. Nothing in the Plan or any Award or any instrument executed pursuant to Article 6 of the Plan will confer upon any Participant any right to continue to be a Director of the Company or affect the right of the stockholders to terminate the directorship of any Participant.

Section 9.2. Limited Liability. The liability of the Company under this Plan or in connection with any exercise of any Award is limited to the obligations expressly set forth in the Plan and in the grant of any Award, and no term or provision of this Plan nor of any Award shall be construed to impose any duty, obligation or liability on the Company not expressly set forth in the Plan or any grant of any Award.

Section 9.3. Assumption of Awards. Upon the dissolution or liquidation of the Company, or upon a reorganization, merger or consolidation of the Company with one or more corporations as a result of which the Company is not the surviving corporation, or upon a sale of substantially all the assets of the Company to another corporation, any Awards outstanding theretofore granted or sold hereunder must be assumed by the surviving or purchasing corporation, with appropriate adjustments as to the number and kind of shares and price.

Section 9.4. No Transfer. No Award or other benefit under the Plan may be sold, pledged or otherwise transferred other than by will or the laws of descent and distribution; and no Award may be exercised during the life of the Participant to whom it was granted except by such Participant.

Section 9.5. Expenses. All costs and expenses incurred in connection with the administration of the Plan including any excise tax imposed upon the transfer of Shares pursuant to the exercise of an Award shall be borne by the Company.

Section 9.6. Notices. Notices and other communications required or permitted to be made under the Plan shall be in writing and shall be deemed to have been duly given if personally delivered or if sent by first class mail

addressed (a) if to a Grantee, at his residence address set forth in the records of the Company or (b) if to the Company, to its President at its principal executive office.

Section 9.7. Third Parties. Nothing herein expressed or implied is intended or shall be construed

to give any person other than the Grantees any rights or remedies under this Plan.

Section 9.8. Saturdays, Sundays and Holidays. Where this Plan authorizes or requires a payment or performance on a Saturday, Sunday or public holiday, such payment or performance shall be deemed to be timely if made on the next succeeding business day; provided, however, that this Section 9.8 shall not be construed to extend the ten (10) year period referred to in Section 5.3 or the five (5) year period referred to in Section 5.4(e) above.

Section 9.9. Rules of Construction. The captions and section numbers appearing in this Plan are inserted only as a matter of convenience. They do not define, limit or describe the scope or intent of the provisions of this Plan. In this Plan words in the singular number include the plural, and in the plural include the singular; and words of the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender may refer to any gender.

Section 9.10. Governing Law. The validity, terms, performance and enforcement of this Plan shall be governed by laws of the State of Delaware that are applicable to agreements negotiated, executed, delivered and performed solely in the State of Delaware.

Section 9.11. Effective Date of the Plan. The Plan shall become effective upon its approval by the affirmative vote of the holders of a majority of the outstanding Shares present, or represented, and entitled to vote at a meeting of the stockholders of Neoprobe. Awards may be granted by the Committee before such approval, but all Awards so granted shall be conditioned on such approval and shall be void if such approval is not given within twelve (12) months after the Effective Date. All Options granted under paragraph (a) of Section 6.1 above shall be conditioned on such approval and shall be void if such approval is not given within twelve (12) months after the Effective Date.

Section 9.12. Amendment and Termination. No Award shall be granted under the Plan more than ten (10) years after the Effective Date. The Board of Directors may at any time terminate the Plan, or make such amendment of the Plan as it may deem advisable; provided, however, that no amendment shall be effective without the approval of the stockholders of the Company by the affirmative vote of the holders of a majority of the outstanding Shares present, or represented, and entitled to vote at a meeting of stockholders duly held, if it would

(a) materially increase the benefits accruing to Participants under the Plan;

(b) materially increase the number of Shares which may be issued under the Plan; or

(c) materially modify the requirements as to eligibility for participation in the Plan;

and, further, provided, however, that no amendment or termination of the Plan shall be effective to alter or impair the rights of a Grantee under any Award made before the adoption of such amendment or termination by the Board of Directors, without the written consent of such Grantee. No termination or amendment of this Plan or any Award nor waiver of any right or requirement under this Plan or any Award shall be binding on the Company unless it is in a writing duly entered into its records and executed by a duly authorized Officer.

NEOPROBE CORPORATION
Suite 400
425 Metro Place North
Dublin, Ohio 43017-1367

<<Date of Grant>>

<<Name of Grantee>>
<<Street>>
<<City, State, Zip>>

Congratulations. You have been granted a Stock Option under Neoprobe's 1996 Stock Incentive Plan (the "Plan") on the following terms:

1. Number of Shares. The number of Shares of Common Stock of Neoprobe Corporation that you may purchase under this Option is:<<Number>>

2. Exercise Price. The exercise price to purchase Shares under this Option is: $<<Price>> per Share.

3. Vesting. One third (1/3) of the Shares originally subject to this Option will vest and become exercisable on each anniversary of the <<Date of Grant>> if you have been an [Employee][Consultant] of the Company continuously from the date of this Agreement shown above through the date when such portion of the Option vests[subject to the special rule referred to in paragraph 5 below].

4. Lapse. This Option will lapse and cease to be exercisable upon the earliest of:

(i) the expiration of 10 years from the date of this Agreement shown above,

(ii) [9][6] months after you cease to be an [Employee][Consultant] because of your death or disability,

(iii) 90 days after your [employment with][services to] Neoprobe or any Subsidiary [is][are] terminated by Neoprobe or such Subsidiary without cause, or

(iv) immediately upon termination of your [employment with][services to] Neoprobe or any Subsidiary by Neoprobe or any Subsidiary for cause or by your resignation.

5. Taxation. This Option is [an Incentive Stock Option][a Nonqualified Option].[Because this Option is an Incentive Stock Option vesting of a portion of this Option or of other Incentive Stock Options held by you may be deferred under a special rule set forth in Section 5.4 (c) of the Plan. If you exercise this Option and dispose of any of the Shares received by you as a result of such exercise within two years from the date above or within one year after the transfer of such Shares to you upon such exercise, you must notify Neoprobe of such disposition and the amount received as a result thereof and pay or provide for the withholding taxes on such disposition.] [You will have taxable income upon the exercise of this Option. At that time, you must pay to Neoprobe an amount equal to the required federal, state, and local tax withholding less any withholding otherwise made from your salary or bonus. You must satisfy any relevant withholding requirements before Neoprobe issues Shares to you.]

6. Exercise. This Option may be exercised by the delivery of this Agreement with the notice of exercise attached hereto properly completed and signed by you to the Treasurer of the Company, together with the aggregate Exercise Price for the number of Shares as to which the Option is being exercised, after the Option has become exercisable and before it has ceased to be exercisable. The Exercise Price must be paid in cash by

(a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (c) reduction of a debt of Neoprobe to you. This Option may be exercised as to less than all of the

Shares purchasable hereunder, but not for a fractional share, nor may it be exercised as to less than one hundred (100) Shares unless it is exercised as to all of the Shares then available hereunder. If this Option is exercised as to less than all of the Shares purchasable hereunder, a new duly executed Option Agreement reflecting the decreased number of Shares exercisable under such Option, but otherwise of the same tenor, will be returned to you.

7. No Transfer. This Option may not be sold, pledged nor otherwise transferred other than by will or the laws of descent and distribution; and it may only be exercised during your lifetime by you. This Agreement is neither a negotiable instrument nor a security (as such term is defined in Article 8 of the Uniform Commercial Code).

8. Not An Employment Agreement. This Agreement is not an employment agreement and nothing contained herein gives you any right to continue to be employed by or provide services to Neoprobe or affects the right of Neoprobe to terminate your employment or other relationship with you.

9. Plan Controls. This Agreement is an Option Agreement (as such term is defined in the Plan) under Article 5 of the Plan. The terms of this Agreement are subject to, and controlled by, the terms of the Plan, as it is now in effect or may be amended from time to time hereafter, which are incorporated herein as if they were set forth in full. Any words or phrases defined in the Plan have the same meanings in this Agreement. Neoprobe will provide you with a copy of the Plan promptly upon your written or oral request made to its Vice President--Finance and Administration.

10. Miscellaneous. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and it supersedes and discharges all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter. This Agreement may not be amended or terminated except by a writing signed by the party against whom any such amendment or termination is sought. If any one or more provisions of this Agreement shall be found to be illegal or unenforceable in any respect, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. This Agreement shall be governed by the laws of the State of Delaware.

Please acknowledge your acceptance of this Agreement by signing the enclosed copy in the space provided below and returning it promptly to Neoprobe.

NEOPROBE CORPORATION

By:

<<Name of Officer>>, <<Title>>

Accepted and Agreed to as of
the date first set forth above:

- ---
<<Name of Grantee>>

OPTION EXERCISE FORM

The undersigned hereby exercises the right to purchase _____ shares of Common Stock of Neoprobe Corporation pursuant to the Option Agreement dated <<Date of Grant>> under the Neoprobe Corporation 1996 Stock Incentive Plan.

Date:

<<Name of Grantee>>

- ----------

Sign and complete this Option Exercise Form and deliver it to:

Neoprobe Corporation
Att'n: Treasurer
425 Metro Place North
Suite 400
Dublin, Ohio 43017-1367

together with the option price in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (c) reduction of a debt of Neoprobe to you.

Exhibit B

NEOPROBE CORPORATION
Suite 400
425 Metro Place North
Dublin, Ohio 43017-1367

<<Date of Grant>>

<<Name of Grantee>>
<<Street>>
<<City, State, Zip>>

Congratulations. You have been granted a Stock Option under Neoprobe's Stock Option and Restricted Stock Purchase Plan (the "Plan") on the following terms:

1. Number of Shares. The number of Shares of Common Stock of Neoprobe Corporation that you may purchase under this Option is five thousand (5,000).

2. Exercise Price. The exercise price to purchase Shares under this Option is: $<<Price>> per Share.

3. Vesting. Thirty-three and one-third percent (33-1/3%) of the Shares originally subject to this Option will vest and become exercisable on each Meeting Date which is held more than six months after the date of this Agreement shown above if you are a Director at the time of the adjournment of the meeting of stockholders held on such Meeting Date.

4. Lapse. This Option will lapse and cease to be exercisable upon the earliest of:

(i) the expiration of 10 years from the date of this Agreement shown above,

(ii) 9 months after you cease to be a Director because of your death or disability,

(iii) immediately upon your resignation as a Director, or

(iv) 30 days after you cease to be a Director for any reason other than your death, disability or resignation.

5. Taxation. This Option is a Nonqualified Option. You will have taxable income upon the exercise of this Option.

6. Exercise. This Option may be exercised by the delivery of this Agreement with the notice of exercise attached hereto properly completed and signed by you to the Treasurer of the Company, together with the aggregate Exercise Price for the number of Shares as to which the Option is being exercised, after the Option has become exercisable and before it

has ceased to be exercisable. The Exercise Price must be paid in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (c) reduction of a debt of Neoprobe to you. This Option may be exercised as to less than all of the Shares purchasable hereunder, but not for a fractional share, nor may it be exercised as to less than one hundred (100) Shares unless it is exercised as to all of the Shares then available hereunder. If this Option is exercised as to less than all of the Shares purchasable hereunder, a new duly executed Option Agreement reflecting the decreased number of Shares exercisable under such Option, but otherwise of the same tenor, will be returned to you.

7. No Transfer. This Option may not be sold, pledged nor otherwise transferred other than by will or the laws of descent and distribution; and it may only be exercised during your lifetime by you. This Agreement is

neither a negotiable instrument nor a security (as such term is defined in Article 8 of the Uniform Commercial Code).

8. Not An Employment Agreement. This Agreement is not an employment agreement and nothing contained herein gives you any right to continue to be a Director of the Company or affect the right of the stockholders to terminate your directorship.

9. Plan Controls. This Agreement is an Option Agreement (as such term is defined in the Plan) under Article 6 of the Plan. The terms of this Agreement are subject to, and controlled by, the terms of the Plan, as it is now in effect or may be amended from time to time hereafter, which are incorporated herein as if they were set forth in full. Any words or phrases defined in the Plan have the same meanings in this Agreement. Neoprobe will provide you with a copy of the Plan promptly upon your written or oral request made to its Vice President--Finance and Administration.

10. Miscellaneous. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and it supersedes and discharges all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter. This Agreement may not be amended or terminated except by a writing signed by the party against whom any such amendment or termination is sought. If any one or more provisions of this Agreement shall be found to be illegal or unenforceable in any respect, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. This Agreement shall be governed by the laws of the State of Delaware.

Please acknowledge your acceptance of this Agreement by signing the enclosed copy in the space provided below and returning it promptly to Neoprobe.

NEOPROBE CORPORATION

By:

<<Name of Officer>>, <<Title>>

Accepted and Agreed to as of
the date first set forth above:

- ---
<<Name of Grantee>>

OPTION EXERCISE FORM

The undersigned hereby exercises the right to purchase _____ shares of Common Stock of Neoprobe Corporation pursuant to the Option Agreement dated <<Date of Grant>> under the Neoprobe Corporation Stock Option and Restricted Stock Purchase Plan.

Date:

<<Name of Grantee>>

- ---

Sign and complete this Option Exercise Form and deliver it to:

Neoprobe Corporation
Att'n: Treasurer
425 Metro Place North
Suite 400
Dublin, Ohio 43017-1367

together with the option price in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (c) reduction of a debt of Neoprobe to you.

Exhibit C
Restricted Stock Purchase Agreement

Neoprobe Corporation
Suite 400
425 Metro Place North
Dublin, Ohio 43017-1367

<<Date of Grant>>

<<Name of Grantee>>
<<Street>>
<<City, State, Zip>>

Congratulations. You (the "Executive") have been granted a right to purchase Restricted Stock under the Company's 1996 Stock Incentive Plan (the "Plan") on the following terms:

1. Purchase and Sale.

(a) On the terms and subject to the conditions set forth in this Agreement, the Executive hereby subscribes for and agrees to purchase _____ shares of Common Stock (the "Restricted Stock") for and in consideration of a payment to the Company by the Executive of _____ per share. Concurrently with the execution of this Agreement, the Executive has delivered to the Company his check drawn on sufficient funds and payable to the order of the Company in the amount of $_____ , receipt of which is acknowledged by the Company. The Executive agrees to deliver to the Secretary of the Company the certificates representing the Restricted Stock together with stock powers duly endorsed in blank promptly upon receipt thereof from the transfer agent of the Company.

(b) The fair market value of Common Stock is demonstrated by the closing price on the _____ of such securities on the business day before the date first set forth above which was $_____. The Executive and the Company intend that the transactions provided for in this Agreement will be governed by the provisions of Section 83(a) of the Internal Revenue Code of 1986.

2. Transfer Restrictions.

(a) In consideration of the difference between the purchase price of the Restricted Stock set forth in Section 1 above and its fair market value without the restrictions and risk of forfeiture set forth herein, the Executive agrees that, unless and until any of the Restricted Stock vests and becomes transferable as provided in Section 4 below, the Executive may neither transfer, sell, assign nor pledge any of the Restricted Stock.

(b) This paragraph may be deleted if Shares issuable under the Plan are registered. The Executive understands the Restricted Stock has neither been registered under the Securities Act of 1933 nor under any applicable state securities law on the ground that the sale provided for in this Agreement and the issuance of securities hereunder are exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) thereof, but the Company's reliance on such exemption is predicated on the Executive's representations set forth herein and that in order to obtain such exemption, the transfer of such securities is restricted by this paragraph and the legend set forth below. The Executive represents and warrants to the Company that he or she is purchasing the Restricted Stock for his or her own account and not for other persons and for investment and not with a view to the distribution of any of the Restricted Stock. The Executive will not offer for sale, sell or otherwise transfer any Restricted Stock, even after it

has vested and has become transferable under Section 4 below, unless such securities have been registered under the Securities Act of 1933 and under applicable state securities laws or such securities or their offer, sale or transfer are exempt from such registration and the Company has received an opinion of counsel, in form and substance reasonably satisfactory to the Company, to that effect.

(c) Any certificate representing any Restricted Stock issued hereunder shall bear the following legend:

> THE TRANSFER OF THESE SECURITIES IS RESTRICTED BY, AND SUCH SECURITIES ARE SUBJECT TO A RISK OF FORFEITURE, UNDER A RESTRICTED STOCK PURCHASE AGREEMENT BETWEEN THE REGISTERED OWNER HEREOF AND THE ISSUER DATED _____, 199_. The remainder of this paragraph may be deleted if Shares issuable under the Plan are registered. THESE SECURITIES HAVE NEITHER BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR UNDER ANY APPLICABLE STATE SECURITIES LAW. THESE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF 1933 AND UNDER APPLICABLE STATE SECURITIES LAWS OR THEY OR SUCH OFFER, SALE OR TRANSFER ARE EXEMPT FROM SUCH REGISTRATION AND THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY IN FORM AND SUBSTANCE, TO THAT EFFECT.

3. Forfeiture. The Executive will forfeit any portion of the Restricted Stock purchased under this Agreement that has not vested and become transferable on the earliest of:

(a) the expiration of 10 years from the date of this Agreement,

(b) nine months after Executive ceases to be an Employee because of Executive's death or disability,

(c) 90 days after the termination without cause of Executive's employment with the Employer, or

(d) immediately upon termination of Executive's employment with the Employer by the Employer for cause or by Executive's resignation.

Upon the occurrence of such forfeiture all of the right, title and interest in and to any shares of Restricted Stock which has been forfeited shall be terminated and the Company shall cause the certificates representing the forfeited shares to be canceled or transferred free and clear of all restrictions to its treasury and the Company shall pay to the Executive _____ per share for each share so forfeited.

4. Vesting Provisions.

(a) A portion of the Restricted Stock that has not previously been forfeited under Section 3 above shall vest and become transferable if and when the Company attains (and the Committee certifies in its minutes or another writing the attainment of) a preestablished performance goal that satisfies the requirements of Section 162(m) of the Code and the regulations thereunder as follows: [* Insert vesting formula based on one or more business criteria that apply to the individual Executive, a business unit or the Company as a whole. Such business criteria may include one or a combination of stock price, total stockholder return, earnings per share or return on equity. Other business criteria may be statistics relating to economic performance including revenue, operating expenses, or earnings before interest, taxes, depreciation and amortization; or the business criteria may be the achievement of a non-statistical goal such as the introduction, testing or licensing of a new product, licensing or acquiring assets or rights, entering into a joint venture or strategic alliance, or a change in control of the Company or another merger or acquisition. *].

(b) When any portion of the Restricted Stock vests and becomes transferable, the Company shall promptly deliver a certificate (free of all adverse claims and transfer restrictions other than the restriction imposed by paragraph (b) of Section 2 above) representing the number of shares constituting the vested and transferable portion of the Restricted Stock to the Executive at his or her address given above and such shares shall no longer be deemed to be Restricted Stock subject to the terms and conditions of this Agreement other than paragraph (b) of Section 2 above.

5. Rights; Stock Dividends. Except for the restrictions on transfer set forth in Section 2 and the possibility of forfeiture set forth in Section 3, upon the issuance of a certificate representing shares of Restricted Stock, the Executive will have all other rights in such shares, including the right to vote such shares and receive dividends other than dividends on or distributions of shares of any class of stock issued by the Company which dividends or distributions shall be delivered to the Company under the same restrictions on transfer and possibility of forfeitures as the shares of Restricted Stock from which they derive. Upon the occurrence of such a dividend or distribution the dollar amounts set forth in Paragraph (a) of Section 4 shall be appropriately adjusted by the Committee.

6. Taxation. Both you and we intend that the transactions provided for in this Agreement will be governed by the provisions of Section 83(a) of the Internal Revenue Code of 1986. You will have taxable income upon the vesting of Restricted Stock. At that time, you must pay to the Company an amount equal to the required federal, state, and local tax withholding less any withholding otherwise made from your salary or bonus. You must satisfy any relevant withholding requirements before the Company issues Shares to you.

7. Not An Employment Agreement. This Agreement is not an employment agreement and nothing contained herein gives you any right to continue to be employed by or provide services to the Company or affects the right of the Company to terminate your employment or other relationship with you.

8. Plan Controls. This Agreement is a Restricted Stock Purchase Agreement (as such term is defined in the Plan) under Article 7 of the Plan. The terms of this Agreement are subject to, and controlled by, the terms of the Plan, as it is now in effect or may be amended from time to time hereafter, which are incorporated herein as if they were set forth in full. Any words or phrases defined in the Plan have the same meanings in this Agreement. The Company will provide you with a copy of the Plan promptly upon your written or oral request made to its Treasurer.

9. Miscellaneous. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and it supersedes and discharges all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter. This Agreement may not be amended or terminated except by a writing signed by the party against whom any such amendment or termination is sought. If any one or more provisions of this Agreement shall be found to be illegal or unenforceable in any respect, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. This Agreement shall be governed by the

laws of the State of Delaware.

Please acknowledge your acceptance of this Agreement by signing the enclosed copy in the space provided below and returning it promptly to the Company.

NEOPROBE CORPORATION

By:

<<Name of Officer>>, <<Title>>

Accepted and Agreed to as of
the date first set forth above:

- ---
<<Name of Grantee>>

Exhibit 10.2.38

NEOPROBE CORPORATION
425 Metro Place North Ste. 400
Dublin, Ohio 43017-1367

January 18, 1996

John L. Ridihalgh, Ph.D.
2112 Iuka Avenue
Columbus, OH 43201

Congratulations. You have been granted a Stock Option under Neoprobe Corporation's Stock Option and Restricted Stock Purchase Plan (the "Plan") on the following terms:

1. NUMBER OF SHARES. The number of Shares of Common Stock of Neoprobe Corporation that you may purchase under this Option is: 20,000

2. EXERCISE PRICE. The exercise price to purchase Shares under this Option is $15.75 per Share.

3. VESTING. One-third (1/3) of the shares originally subject to this Option will vest and become exercisable on the last day of each calendar year following the grant date above (first vesting period is December 31, 1996) if you have been an Employee of the Company continuously from the date of this Agreement shown above through the date when such portion of the Option vests.

4. LAPSE. This Option will lapse and cease to be exercisable upon the earliest of:

(i) the expiration of 10 years from the date of this Agreement shown above,
(ii) 9 months after you cease to be an Employee because of your death or disability,
(iii) 90 days after your employment with Neoprobe Corporation or any Subsidiary is terminated by Neoprobe or such Subsidiary without cause, or
(iv) immediately upon termination of your employment with Neoprobe Corporation or any Subsidiary by Neoprobe or any Subsidiary for cause or by your resignation.

5. TAXATION. This Option is a Nonqualified Option. You will have taxable income upon the exercise of this Option. At that time, you must pay to Neoprobe an amount equal to the required federal, state, and local tax withholding less any withholding otherwise made from your salary or bonus. You must satisfy any relevant withholding requirements before Neoprobe issues Shares to you.

6. EXERCISE. This Option may be exercised by the delivery of this Agreement with the notice of exercise attached hereto properly completed and signed by you to the Treasurer of the Company, together with the aggregate Exercise Price for the number of Shares as to which the Option is being exercised, after the Option has become exercisable and before it has ceased to be exercisable. The Exercise Price must be paid in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe Corporation in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (C) reduction of a debt of Neoprobe to you. This Option may be exercised as to less than all of the Shares purchasable hereunder, but not for a fractional share, nor may it be exercised as to less than one hundred (100) Shares unless it is exercised as to all of the Shares then available hereunder. If this Option is exercised as to less than all of the Shares purchasable hereunder, a new duly executed Option Agreement reflecting the decreased number of Shares exercisable under such Option, but otherwise of the same tenor, will be returned to you.

7. NO TRANSFER. This Option may not be sold, pledged nor otherwise

transferred other than by will or the laws of descent and distribution; and it may only be exercised during your lifetime by you. This Agreement is neither a negotiable instrument nor a security (as such term is defined in Article 8 of the Uniform Commercial Code).

8. NOT AN EMPLOYMENT AGREEMENT. This Agreement is not an employment agreement and nothing contained herein gives you any right to continue to be employed by or provide services to Neoprobe Corporation or affects the right of Neoprobe to terminate your employment or other relationship with you.

9. PLAN CONTROLS. This Agreement is an Option Agreement (as such term is defined in the Plan) under Article 5 of the Plan. The terms of this Agreement are subject to, and controlled by, the terms of the Plan, as it is now in effect or may be amended from time to time hereafter, which are incorporated herein as if they were set forth in full. Any words or phrases defined in the Plan have the same meanings in this Agreement. Neoprobe will provide you with a copy of the Plan promptly upon your written or oral request made to its Vice President, Finance and Administration.

10. MISCELLANEOUS. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and it supersedes and discharges all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter. This Agreement may not be amended or terminated except by a writing signed by the party against whom any such amendment or termination is sought. If any one or more provisions of this Agreement shall be found to be illegal or unenforceable in any respect, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. This Agreement shall be governed by the laws of the State of Delaware.

Please acknowledge your acceptance of this Agreement by signing the enclosed copy in the space provided below and returning it promptly to Neoprobe Corporation

NEOPROBE CORPORATION

By: /s/ DAVID C. BUPP

David C. Bupp, President

Date: June 10, 1996

Accepted and Agreed to as of the date first set forth above:

/s/ JOHN L. RIDIHALGH
- ---
John L. Ridihalgh, Ph.D.

Date: 6/20/96

OPTION EXERCISE FORM

The undersigned hereby exercised the right to purchase _____ shares of Common Stock of Neoprobe Corporation pursuant to the Option Agreement dated January 18, 1996 under the Neoprobe Corporation Stock Option and Restricted Stock Purchase Plan.

Date:

- ---
John L. Ridihalgh, Ph.D.

Sign and complete this Option Exercise Form and deliver it to:

Neoprobe Corporation
Att'n: Treasurer
425 Metro Place North
Suite 400
Dublin, Ohio 43017-1367

together with the option price in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or reduction of a debt of Neoprobe to you.

Approved by Neoprobe Corporation:

- ---

Exhibit 10.2.39

NEOPROBE CORPORATION
425 METRO PLACE NORTH STE. 400
DUBLIN, OHIO 43017-1367

January 18, 1996

David C. Bupp
5747 Rushwood Drive
Dublin, OH 43017

Congratulations. You have been granted a Stock Option under Neoprobe Corporation's Stock Option and Restricted Stock Purchase Plan (the "Plan") on the following terms:

1. NUMBER OF SHARES. The number of Shares of Common Stock of Neoprobe Corporation that you may purchase under this Option is: 20,000

2. EXERCISE PRICE. The exercise price to purchase Shares under this Option is: $15.75 per Share.

3. VESTING. Thirty-three and one-third (33 1/3) of the shares originally subject to this Option will vest and become exercisable on the last day of each calendar year following the grant date above (first vesting period is December 31, 1996) if you have been an Employee of the Company continuously from the date of this Agreement shown above through the date when such portion of the Option vests.

4. LAPSE. This Option will lapse and cease to be exercisable upon the earliest of:

(i) the expiration of 10 years from the date of this Agreement shown above,
(ii) 9 months after you cease to be an Employee because of your death or disability,
(iii) 90 days after your employment with Neoprobe Corporation or any Subsidiary is terminated by Neoprobe or such Subsidiary without cause, or
(iv) immediately upon termination of your employment with Neoprobe Corporation or any Subsidiary by Neoprobe or any Subsidiary for cause or by your resignation.

5. TAXATION. This Option is a Nonqualified Option. You will have taxable income upon the exercise of this Option. At that time, you must pay to Neoprobe an amount equal to the required federal, state, and local tax withholding less any withholding otherwise made from your salary or bonus. You must satisfy any relevant withholding requirements before Neoprobe issues Shares to you.

6. EXERCISE. This Option may be exercised by the delivery of this Agreement with the notice of exercise attached hereto properly completed and signed by you to the Treasurer of the Company, together with the aggregate Exercise Price for the number of Shares as to which the Option is being exercised, after the Option has become exercisable and before it has ceased to be exercisable. The Exercise Price must be paid in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe Corporation in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (C) reduction of a debt of Neoprobe to you. This Option may be exercised as to less than all of the Shares purchasable hereunder, but not for a fractional share, nor may it be exercised as to less than one hundred (100) Shares unless it is exercised as to all of the Shares then available hereunder. If this Option is exercised as to less than all of the Shares purchasable hereunder, a new duly executed Option Agreement reflecting the decreased number of Shares exercisable under such Option, but otherwise of the same tenor, will be returned to you.

7. NO TRANSFER. This Option may not be sold, pledged nor otherwise

transferred other than by will or the laws of descent and distribution; and it may only be exercised during your lifetime by you. This Agreement is neither a negotiable instrument nor a security (as such term is defined in Article 8 of the Uniform Commercial Code).

8. NOT AN EMPLOYMENT AGREEMENT. This Agreement is not an employment agreement and nothing contained herein gives you any right to continue to be employed by or provide services to Neoprobe Corporation or affects the right of Neoprobe to terminate your employment or other relationship with you.

9. PLAN CONTROLS. This Agreement is an Option Agreement (as such term is defined in the Plan) under Article 5 of the Plan. The terms of this Agreement are subject to, and controlled by, the terms of the Plan, as it is now in effect or may be amended from time to time hereafter, which are incorporated herein as if they were set forth in full. Any words or phrases defined in the Plan have the same meanings in this Agreement. Neoprobe will provide you with a copy of the Plan promptly upon your written or oral request made to its Vice President, Finance and Administration.

10. MISCELLANEOUS. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and it supersedes and discharges all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter. This Agreement may not be amended or terminated except by a writing signed by the party against whom any such amendment or termination is sought. If any one or more provisions of this Agreement shall be found to be illegal or unenforceable in any respect, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. This Agreement shall be governed by the laws of the State of Delaware.

Please acknowledge your acceptance of this Agreement by signing the enclosed copy in the space provided below and returning it promptly to Neoprobe Corporation.

NEOPROBE CORPORATION

By: /s/ DAVID C. BUPP

David C. Bupp, President

Date: June 10, 1996

Accepted and Agreed to as of the date first set forth above:

/s/ DAVID C. BUPP
- ---
David C. Bupp

Date: 6/10/96

OPTION EXERCISE FORM

The undersigned hereby exercises the right to purchase _____ shares of Common Stock of Neoprobe Corporation pursuant to the Option Agreement dated January 18, 1996 under the Neoprobe Corporation Stock Option and Restricted Stock Purchase Plan.

Date:

- ---
David C. Bupp

Sign and complete this Option Exercise Form and deliver it to:

Neoprobe Corporation
Att'n: Treasurer
425 Metro Place North
Suite 400
Dublin, Ohio 43017-1367

together with the option price in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or reduction of the debt of Neoprobe to you.

Approved by Neoprobe Corporation:

- ---

10.2.40

NEOPROBE CORPORATION
425 METRO PLACE NORTH SUITE 400
DUBLIN, OHIO 43017-1367

February 3, 1997

John L. Ridihalgh, Ph.D.
2112 Iuka Avenue
Columbus, OH 43201

Congratulations. You have been granted a Stock Option under Neoprobe's 1996 Stock Incentive Plan (the "Plan") on the following terms:

1. NUMBER OF SHARES. The number of Shares of Common Stock of Neoprobe Corporation that you may purchase under this Option is: 27,000

2. EXERCISE PRICE. The exercise price to purchase Shares under this Option is: $13-3/8 per Share.

3. VESTING. One third (1/3) of the Shares originally subject to this Option will vest and become exercisable on each anniversary of the date of grant (February 3, 1997) if you have been an Employee of the Company continuously from the date of this Agreement shown above through the date when such portion of the Option.

4. LAPSE. This Option will lapse and cease to be exercisable upon the earliest of:

(i) the expiration of 10 years from the date of this Agreement shown above,
(ii) 9 months after you cease to be an Employee because of your death or disability,
(iii) 90 days after your employment with Neoprobe or any Subsidiary is terminated by Neoprobe or such Subsidiary without cause, or
(iv) immediately upon termination of your employment with Neoprobe or any Subsidiary by Neoprobe or any Subsidiary for cause or by your resignation.

5. TAXATION. This Option is a Nonqualified Option. You will have taxable income upon the exercise of this Option. At that time, you must pay to Neoprobe an amount equal to the required federal, state, and local tax withholding less any withholding otherwise made from your salary or bonus. You must satisfy any relevant withholding requirements before Neoprobe issues Shares to you.

6. EXERCISE. This Option may be exercised by the delivery of this Agreement with the notice of exercise attached hereto properly completed and signed by you to the Treasurer of the Company, together with the aggregate Exercise Price for the number of Shares as to which the Option is being exercised, after the Option has become exercisable and before it has ceased to be exercisable. The Exercise Price must be paid in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (c) reduction of a debt of Neoprobe to you. This Option may be exercised as to less than all of the Shares purchasable hereunder, but not for a fractional share, nor may it be exercised as to less than one hundred (100) Shares unless it is exercised as to all of the Shares then available hereunder. If this Option is exercised as to less than all of the Shares purchasable hereunder, a new duly executed Option Agreement reflecting the decreased number of Shares exercisable under such Option, but otherwise of the same tenor, will be returned to you.

7. NO TRANSFER. This Option may not be sold, pledged nor otherwise transferred other than by will or the laws of descent and distribution; and it may only be exercised during your lifetime by you. This Agreement is neither a negotiable instrument nor a security (as such term is defined in

Article 8 of the Uniform Commercial Code).

8. NOT AN EMPLOYMENT AGREEMENT. This Agreement is not an employment agreement and nothing contained herein gives you any right to continue to be employed by or provide services to Neoprobe or affects the right of Neoprobe to terminate your employment or other relationship with you.

9. PLAN CONTROLS. This Agreement is an Option Agreement (as such term is defined in the Plan) under Article 5 of the Plan. The terms of this Agreement are subject to, and controlled by, the terms of the Plan, as it is now in effect or may be amended from time to time hereafter, which are incorporated herein as if they were set forth in full. Any words or phrases defined in the Plan have the same meanings in this Agreement. Neoprobe will provide you with a copy of the Plan promptly upon your written or oral request made to its Vice President--Finance and Administration.

10. MISCELLANEOUS. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and it supersedes and discharges all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter. This Agreement may not be amended or terminated except by a writing signed by the party against whom any such amendment or termination is sought. If any one or more provisions of this Agreement shall be found to be illegal or unenforceable in any respect, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. This Agreement shall be governed by the laws of the State of Delaware.

Please acknowledge your acceptance of this Agreement by signing the enclosed copy in the space provided below and returning it promptly to Neoprobe.

NEOPROBE CORPORATION

By: /s/ DAVID C. BUPP

David C. Bupp
President, COO

Accepted and Agreed to as of the date first set forth above:

/s/ JOHN L. RIDIHALGH
- ---
John L. Ridihalgh, Ph.D.

OPTION EXERCISE FORM

The undersigned hereby exercises the right to purchase _____ shares of Common Stock of Neoprobe Corporation pursuant to the Option Agreement dated February 3, 1997 under the Neoprobe Corporation 1996 Stock Incentive Plan.

Date:

John L. Ridihalgh, Ph.D.

- ----------

Sign and complete this Option Exercise Form and deliver it to:

Neoprobe Corporation
Attn: Treasurer
425 Metro Place North
Suite 400
Dublin, Ohio 43017-1367

together with the option price in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (c) reduction of a debt of Neoprobe to you.

Exhibit 10.2.41

NEOPROBE CORPORATION
425 Metro Place North Suite 400
Dublin, Ohio 43017-1367

February 3, 1997

David C. Bupp
5747 Rushwood Drive
Dublin, OH 43017

Congratulations. You have been granted a Stock Option under Neoprobe's 1996 Stock Incentive Plan (the "Plan") on the following terms:

1. NUMBER OF SHARES. The number of Shares of Common Stock of Neoprobe Corporation that you may purchase under this Option is: 25,600

2. EXERCISE PRICE. The exercise price to purchase Shares under this Option is: $13-3/8 per Share.

3. VESTING. One third (1/3) of the Shares originally subject to this Option will vest and become exercisable on each anniversary of the date of grant (February 3, 1997) if you have been an Employee of the Company continuously from the date of this Agreement shown above through the date when such portion of the Option.

4. LAPSE. This Option will lapse and cease to be exercisable upon the earliest of:

(i) the expiration of 10 years from the date of this Agreement shown above,
(ii) 9 months after you cease to be an Employee because of your death or disability,
(iii) 90 days after your employment with Neoprobe or any Subsidiary is terminated by Neoprobe or such Subsidiary without cause, or
(iv) immediately upon termination of your employment with Neoprobe or any Subsidiary by Neoprobe or any Subsidiary for cause or by your resignation.

5. TAXATION. This Option is a Nonqualified Option. You will have taxable income upon the exercise of this Option. At that time, you must pay to Neoprobe an amount equal to the required federal, state, and local tax withholding less any withholding otherwise made from your salary or bonus. You must satisfy any relevant withholding requirements before Neoprobe issues Shares to you.

6. EXERCISE. This Option may be exercised by the delivery of this Agreement with the notice of exercise attached hereto properly completed and signed by you to the Treasurer of the Company, together with the aggregate Exercise Price for the number of Shares as to which the Option is being exercised, after the Option has become exercisable and before it has ceased to be exercisable. The Exercise Price must be paid in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (c) reduction of a debt of Neoprobe to you. This Option may be exercised as to less than all of the Shares purchasable hereunder, but not for a fractional share, nor may it be exercised as to less than one hundred (100) Shares unless it is exercised as to all of the Shares then available hereunder. If this Option is exercised as to less than all of the Shares purchasable hereunder, a new duly executed Option Agreement reflecting the decreased number of Shares exercisable under such Option, but otherwise of the same tenor, will be returned to you.

7. NO TRANSFER. This Option may not be sold, pledged nor otherwise transferred other than by will of the laws of descent and distribution; and it may only be exercised during your lifetime by you. This Agreement is neither a negotiable instrument nor a security (as such term is defined in

Article 8 of the Uniform Commercial Code).

8. NOT AN EMPLOYMENT AGREEMENT. This Agreement is not an employment agreement and nothing contained herein gives you any right to continue to be employed by or provide services to Neoprobe or affects the right of Neoprobe to terminate your employment or other relationship with you.

9. PLAN CONTROLS. This Agreement is an Option Agreement (as such term is defined in the Plan) under Article 5 of the Plan. The terms of this Agreement are subject to, and controlled by, the terms of the Plan, as it is now in effect or may be amended from time to time hereafter, which are incorporated herein as if they were set forth in full. Any words or phrases defined in the Plan have the same meanings in this Agreement. Neoprobe will provide you with a copy of the Plan promptly upon your written or oral request made it its Vice President--Finance and Administration.

10. MISCELLANEOUS. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and it supersedes and discharges all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter. This Agreement may not be amended or terminated except by a writing signed by the party against whom any such amendment or termination is sought. If any one or more provisions of this Agreement shall be found to be illegal or unenforceable in any respect, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. This Agreement shall be governed by the laws of the State of Delaware.

Please acknowledge your acceptance of this Agreement by signing the enclosed copy in the space provided below and returning it promptly to Neoprobe.

NEOPROBE CORPORATION

By: /s/ JOHN L. RIDIHALGH

John L. Ridihalgh, Ph.D.
CEO, Chairman of the Board

Accepted and Agreed to as of the date first set forth above:

/s/ DAVID C. BUPP
- ----------
David C. Bupp

OPTION EXERCISE FORM

The undersigned hereby exercises the right to purchase _____ shares of Common Stock of Neoprobe Corporation pursuant to the Option Agreement dated February 3, 1997 under the Neoprobe Corporation 1996 Stock Incentive Plan.

Date:

David C. Bupp

- ----------

Sign and complete this Option Exercise Form and deliver it to:

Neoprobe Corporation
Attn: Treasurer
425 Metro Place North
Suite 400
Dublin, Ohio 43017-1367

together with the option price in cash by (a) delivery of a certified or cashier's check payable to the order of Neoprobe in such amount, (b) wire transfer of immediately available funds to a bank account designated by Neoprobe, or (c) reduction of a debt of Neoprobe to you.

Exhibit 11.1

NEOPROBE CORPORATION AND SUBSIDIARIES
COMPUTATION OF NET LOSS PER SHARE

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1995	1996	1997
<S>	<C>	<C>	<C>
Net Loss	($10,759,375)	($20,969,143)	($23,246,528)
Weighted average number of shares outstanding:			
Weighted average common shares outstanding beginning of period	10,854,515	16,966,814	22,586,527
Weighted average common shares issued during period	3,871,172	2,776,835	148,115
Weighted average number of shares outstanding used in computing basic net loss per share	14,725,687	19,743,649	22,734,642
Weighted average number of shares used in computing fully diluted net loss per share	14,725,687	19,743,649	22,734,642
Earnings (Net Loss) Per Share:			
Basic	($0.73)	($1.06)	($1.02)
Fully diluted	($0.73)	($1.06)	($1.02)

</TABLE>

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

NewMonoCarb, A.B., a Swedish corporation

Neoprobe (Israel), Ltd., an Israeli limited liability company

Neoprobe-Peptor JV - L.L.C.

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of Neoprobe Corporation and Subsidiaries (A Development Stage Company) listed below of our report dated February 20, 1998, on our audits of the consolidated balance sheets of Neoprobe Corporation and Subsidiaries (A Development Stage Company) as of December 31, 1996 and 1997, and the related consolidated operations, stockholders' equity, and cash flows for the years ended December 31, 1995, 1996 and 1997, and for the period from November 16, 1983 (date of inception) to December 31, 1997, which report is included in this Annual Report on Form 10-K.

Form S-3	File No. 33-72700
Form S-3	File No. 33-73622
Form SB-2	File No. 33-86000
Form S-3	File No. 33-93438
Form S-3	File No. 33-93858
Form S-3	File No. 333-15989
Form S-8	File No. 33-70074
Form S-8	File No. 33-81410
Form S-8	File No. 333-05143

COOPERS & LYBRAND L.L.P.

Columbus, Ohio
March 30, 1998

Exhibit 24.1

POWER OF ATTORNEY

The undersigned who is a director or officer of Neoprobe Corporation, a Delaware Corporation (the "Company");

Does hereby constitute and appoint John L. Ridihalgh and David C. Bupp to be his agents and attorneys-in-fact;

Each with the power to act fully hereunder without the other and with full power of substitution to act in the name and on behalf of the undersigned;

To sign and file with the Securities and Exchange Commission the annual report of the Company on Form 10-K and any amendments or supplements to such Annual Report; and

To execute and deliver any instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report, and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

Each agent named above is hereby empowered to determine in his discretion the times when, the purposes for, and the names in which, any power conferred upon him herein shall be exercised and the terms and conditions of any instrument, certificate or document which may be executed by him pursuant to this instrument.

This Power of Attorney shall not be affected by the disability of the undersigned or the lapse of time.

The validity, terms and enforcement of this Power of Attorney shall be governed by those laws of the state of ohio that apply to instruments negotiated, executed, delivered and performed solely within the State of Ohio.

This Power of Attorney may be executed in any number of counterparts, each of which shall have the same effect as if it were the original instrument and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, I have executed this Power of Attorney this 26th day of January, 1998.

/S/ MELVIN D. BOOTH

Melvin D. Booth

POWER OF ATTORNEY

The undersigned who is a director or officer of Neoprobe Corporation, a Delaware corporation (the "Company");

Does hereby constitute and appoint John L. Ridihalgh and David C. Bupp to be his agents and attorneys-in-fact;

Each with the power to act fully hereunder without the other and with full power of substitution to act in the name and on behalf of the undersigned;

To sign and file with the Securities and Exchange Commission the Annual Report of the Company on Form 10-K and any amendments or supplements to such Annual Report; and

To execute and deliver any instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report, and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

Each agent named above is hereby empowered to determine in his discretion the times when, the purposes for, and the names in which, any power conferred upon him herein shall be exercised and the terms and conditions of any instrument, certificate or document which may be executed by him pursuant to this instrument.

This Power of Attorney shall not be affected by the disability of the undersigned or the lapse of time.

The validity, terms and enforcement of this Power of Attorney shall be governed by those laws of the State of Ohio that apply to instruments negotiated, executed, delivered and performed solely within the State of Ohio.

This Power of Attorney may be executed in any number of counterparts, each of which shall have the same effect as if it were the original instrument and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, I have executed this Power of Attorney this ____ day of _____, 1998.

/s/ JOHN S. CHRISTIE

John S. Christie

POWER OF ATTORNEY

The undersigned who is a director or officer of Neoprobe Corporation, a Delaware corporation (the "Company");

Does hereby constitute and appoint John L. Ridihalgh and David C. Bupp to be his agents and attorneys-in-fact;

Each with the power to act fully hereunder without the other and with full power of substitution to act in the name and on behalf of the undersigned;

To sign and file with the Securities and Exchange Commission the Annual Report of the Company on Form 10-K and any amendments or supplements to such Annual Report; and

To execute and deliver any instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report, and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

Each agent named above is hereby empowered to determine in his discretion the times when, the purposes for, and the names in which, any power conferred upon him herein shall be exercised and the terms and conditions of any instrument, certificate or document which may be executed by him pursuant to this

instrument.

This Power of Attorney shall not be affected by the disability of the undersigned or the lapse of time.

The validity, terms and enforcement of this Power of Attorney shall be governed by those laws of the State of Ohio that apply to instruments negotiated, executed, delivered and performed solely within the State of Ohio.

This Power of Attorney may be executed in any number of counterparts, each of which shall have the same effect as if it were the original instrument and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, I have executed this Power of Attorney this 27th day of January, 1998.

/s/ C. MICHAEL HAZARD

C. Michael Hazard

POWER OF ATTORNEY

The undersigned who is a director or officer of Neoprobe Corporation, a Delaware corporation (the "Company");

Does hereby constitute and appoint John L. Ridihalgh and David C. Bupp to be his agents and attorneys-in-fact;

Each with the power to act fully hereunder without the other and with full power of substitution to act in the name and on behalf of the undersigned;

To sign and file with the Securities and Exchange Commission the Annual Report of the Company on Form 10-K and any amendments or supplements to such Annual Report; and

To execute and deliver any instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report, and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

Each agent named above is hereby empowered to determine in his discretion the times when, the purposes for, and the names in which, any power conferred upon him herein shall be exercised and the terms and conditions of any instrument, certificate or document which may be executed by him pursuant to this instrument.

This Power of Attorney shall not be affected by the disability of the undersigned or the lapse of time.

The validity, terms and enforcement of this Power of Attorney shall be governed by those laws of the State of Ohio that apply to instruments negotiated, executed, delivered and performed solely within the State of Ohio.

This Power of Attorney may be executed in any number of counterparts, each of which shall have the same effect as if it were the original instrument and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, I have executed this Power of Attorney this 26th day of January, 1998.

/s/ JULIUS R. KREVANS

Dr. Julius R. Krevans

POWER OF ATTORNEY

The undersigned who is a director or officer of Neoprobe Corporation, a Delaware corporation (the "Company");

Does hereby constitute and appoint John L. Ridihalgh and David C. Bupp to be his agents and attorneys-in-fact;

Each with the power to act fully hereunder without the other and with full power of substitution to act in the name and on behalf of the undersigned;

To sign and file with the Securities and Exchange Commission the Annual Report of the Company on Form 10-K and any amendments or supplements to such Annual Report; and

To execute and deliver any instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report, and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

Each agent named above is hereby empowered to determine in his discretion the times when, the purposes for, and the names in which, any power conferred upon him herein shall be exercised and the terms and conditions of any instrument, certificate or document which may be executed by him pursuant to this instrument.

This Power of Attorney shall not be affected by the disability of the undersigned or the lapse of time.

The validity, terms and enforcement of this Power of Attorney shall be governed by those laws of the State of Ohio that apply to instruments negotiated, executed, delivered and performed solely within the State of Ohio.

This Power of Attorney may be executed in any number of counterparts, each of which shall have the same effect as if it were the original instrument and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, I have executed this Power of Attorney this 29th day of January, 1998.

/s/ MICHAEL P. MOORE

Dr. Michael P. Moore

POWER OF ATTORNEY

The undersigned who is a director or officer of Neoprobe Corporation, a Delaware corporation (the "Company");

Does hereby constitute and appoint John L. Ridihalgh and David C. Bupp to be his agents and attorneys-in-fact;

Each with the power to act fully hereunder without the other and with full power of substitution to act in the name and on behalf of the undersigned;

To sign and file with the Securities and Exchange Commission the Annual Report of the Company on Form 10-K and any amendments or supplements to such Annual Report; and

To execute and deliver any instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report, and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

Each agent named above is hereby empowered to determine in his discretion the times when, the purposes for, and the names in which, any power conferred upon him herein shall be exercised and the terms and conditions of any instrument, certificate or document which may be executed by him pursuant to this instrument.

This Power of Attorney shall not be affected by the disability of the undersigned or the lapse of time.

The validity, terms and enforcement of this Power of Attorney shall be governed by those laws of the State of Ohio that apply to instruments negotiated, executed, delivered and performed solely within the State of Ohio.

This Power of Attorney may be executed in any number of counterparts, each of which shall have the same effect as if it were the original instrument and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, I have executed this Power of Attorney this 26th day of January, 1998.

/s/ JOHN SCHROEPFER

John Schroepfer

POWER OF ATTORNEY

The undersigned who is a director or officer of Neoprobe Corporation, a Delaware corporation (the "Company");

Does hereby constitute and appoint David C. Bupp to be his agent and attorney-in-fact;

With the power to act fully hereunder and with full power of substitution to act in the name and on behalf of the undersigned;

To sign and file with the Securities and Exchange Commission the Annual Report of the Company on Form 10-K and any amendments or supplements to such Annual Report; and

To execute and deliver any instruments, certificates or other documents which he shall deem necessary or proper in connection with the filing of such Annual Report, and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

The agent named above is hereby empowered to determine in his discretion the times when, the purposes for, and the names in which, any power conferred upon him herein shall be exercised and the terms and conditions of any instrument, certificate or document which may be executed by him pursuant to this

instrument.

This Power of Attorney shall not be affected by the disability of the undersigned or the lapse of time.

The validity, terms and enforcement of this Power of Attorney shall be governed by those laws of the State of Ohio that apply to instruments negotiated, executed, delivered and performed solely within the State of Ohio.

This Power of Attorney may be executed in any number of counterparts, each of which shall have the same effect as if it were the original instrument and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, I have executed this Power of Attorney this _____ day of _____ , 1998.

/s/ JOHN L. RIDIHALGH

John L. Ridihalgh

POWER OF ATTORNEY

The undersigned who is a director or officer of Neoprobe Corporation, a Delaware corporation (the "Company");

Does hereby constitute and appoint John L. Ridihalgh and David C. Bupp to be his agents and attorneys-in-fact;

Each with the power to act fully hereunder without the other and with full power of substitution to act in the name and on behalf of the undersigned;

To sign and file with the Securities and Exchange Commission the Annual Report of the Company on Form 10-K and any amendments or supplements to such Annual Report; and

To execute and deliver any instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report, and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

Each agent named above is hereby empowered to determine in his discretion the times when, the purposes for, and the names in which, any power conferred upon him herein shall be exercised and the terms and conditions of any instrument, certificate or document which may be executed by him pursuant to this instrument.

This Power of Attorney shall not be affected by the disability of the undersigned or the lapse of time.

The validity, terms and enforcement of this Power of Attorney shall be governed by those laws of the State of Ohio that apply to instruments negotiated, executed, delivered and performed solely within the State of Ohio.

This Power of Attorney may be executed in any number of counterparts, each of which shall have the same effect as if it were the original instrument and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, I have executed this Power of Attorney this 27th day of January, 1998.

/s/ J. FRANK WHITLEY, JR.

J. Frank Whitley, Jr.

POWER OF ATTORNEY

The undersigned who is a director or officer of Neoprobe Corporation, a Delaware corporation (the "Company");

Does hereby constitute and appoint John L. Ridihalgh and David C. Bupp to be his agents and attorneys-in-fact;

Each with the power to act fully hereunder without the other and with full power of substitution to act in the name and on behalf of the undersigned;

To sign and file with the Securities and Exchange Commission the Annual Report of the Company on Form 10-K and any amendments or supplements to such Annual Report; and

To execute and deliver any instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report, and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

Each agent named above is hereby empowered to determine in his discretion the times when, the purposes for, and the names in which, any power conferred upon him herein shall be exercised and the terms and conditions of any instrument, certificate or document which may be executed by him pursuant to this instrument.

This Power of Attorney shall not be affected by the disability of the undersigned or the lapse of time.

The validity, terms and enforcement of this Power of Attorney shall be governed by those laws of the State of Ohio that apply to instruments negotiated, executed, delivered and performed solely within the State of Ohio.

This Power of Attorney may be executed in any number of counterparts, each of which shall have the same effect as if it were the original instrument and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, I have executed this Power of Attorney this 2nd day of February, 1998.

/s/ JAMES F. ZID

James F. Zid

Exhibit 24.2

SECRETARY'S CERTIFICATE

I, Jerry K. Mueller, Jr., certify that I am the duly elected, qualified and acting Secretary of Neoprobe Corporation, a Delaware corporation (the "Corporation"), that I am authorized and empowered to execute this Certificate on behalf of the Corporation with respect to its Annual Report on Form 10-K for the fiscal year ended December 31, 1997 and further certify that the following is a true, complete and correct copy of a resolution adopted by the Board of Directors of the Corporation on January 22, 1998, which resolution remains in full force and effect as of the date of this certificate:

> RESOLVED, that each representative, officer or director who may be required to execute the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 and any amendment thereof be, and each of them hereby is, authorized to execute a Power of Attorney appointing John L. Ridihalgh and David C. Bupp as his true and lawful attorney and agent to execute in his name, place and stead (in any capacity) the Annual Report on Form 10-K and any amendments thereto, and all instruments necessary or in connection therewith, and to file the same with the Commission, each of which attorney and agent shall have the power to do and perform in the name of and on behalf of each said representative, officer and director, or both, as the case may be, every act whatsoever necessary or advisable to be done in the premises as fully and to all intents and purposes as such representative, officer or director might or could do in person.

IN WITNESS WHEREOF, I have hereunto set my hand as of March 25, 1998.

/s/ JERRY K. MUELLER, JR.

Jerry K. Mueller, Jr., Secretary

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