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

FORM 8-K

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

Date of Report (Date of earliest event reported)	August 17, 2011

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

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

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

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

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

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

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

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

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

Item 2.01. Completion of Acquisition or Disposition of Assets.

On May 24, 2011, Neoprobe Corporation, a Delaware corporation (the "Company"), announced that it had entered into an Asset Purchase Agreement (the "Purchase Agreement") with Devicor Medical Products, Inc., a Delaware corporation ("Buyer"), pursuant to which the Company agreed to sell to Buyer all of the assets of the Company primarily used in or held for use in, or necessary for, the operation of the Company's business of developing, commercializing, distributing, marketing, selling and servicing gamma detection devices used in the diagnosis or treatment of cancer in human beings (the "GDS Business"). The closing of the transactions contemplated by the Purchase Agreement (the "Transactions") was subject to the approval of the Company's stockholders at the annual meeting of stockholders held on August 15, 2011 (the "Annual Meeting"), and certain other customary closing conditions. Following the approval of the Transactions at the Annual Meeting, and the satisfaction of the other closing conditions described in the Purchase Agreement, the Company completed the asset sale of the GDS Business to Devicor effective as of August 17, 2011 (the "Closing Date"). In consideration for the Company's sale to Buyer of the GDS Business, Buyer: (i) made a cash payment of $30,000,000 to the Company on the Closing Date; (ii) assumed certain liabilities of the Company associated with the GDS Business as specified in the Purchase Agreement as of the Closing Date; and (iii) agreed to make royalty payments of up to an aggregate maximum amount of $20,000,000 based on the net revenue attributable to the GDS Business over the course of the six fiscal years ended December 31, 2012, 2013, 2014, 2015, 2016 and 2017.

A copy of the Purchase Agreement was filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 27, 2011, and is incorporated herein by reference. The foregoing description of the Purchase Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to such Exhibit.

Item 8.01. Other Events.

On August 17, 2011, the Company issued a press release announcing that it had completed the previously announced sale of the GDS Business to Buyer for $30 million in upfront consideration, plus up to an additional $20 million in royalties based on Buyer's achievement of certain revenue milestones.

A copy of the complete text of the Company's August 17, 2011, press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(b) Pro forma financial information.

Pro forma consolidated financial information required pursuant to Article 11 of Regulation S-X is attached hereto as Exhibit 99.2 and is incorporated herein by reference. These unaudited pro forma consolidated financial statements should be read in conjunction with the historical audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, and Quarterly Reports on Form 10-Q for the three month periods ended March 31, 2011, and June 30, 2011, as filed with the SEC.

(d) Exhibits.

Exhibit Number	*Exhibit Description*
10.1	Asset Purchase Agreement, dated May 24, 2011, by and between Devicor Medical Products, Inc. and Neoprobe Corporation (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 27, 2011) (portions of this Exhibit have been omitted pursuant to a request for confidential treatment and have been filed separately with the SEC).
99.1	Neoprobe Corporation press release dated August 17, 2011, entitled "Neoprobe Completes Sale of Gamma Detection Device Business to Devicor Medical Products."
99.2	Neoprobe Corporation and Subsidiaries Unaudited Pro Forma Consolidated Financial Statements.

The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward-looking statements made by or on behalf of the Company. Statements contained or incorporated by reference in this Current Report on Form 8-K, which relate to other than strictly historical facts, such as statements about the Company's plans and strategies, expectations for future financial performance, new and existing products and technologies, anticipated clinical and regulatory pathways, and markets for the Company's products are forward-looking statements within the meaning of the Act. The words "believe," "expect," "anticipate," "estimate," "project," and similar expressions identify forward-looking statements that speak only as of the date hereof. Investors are cautioned that such statements involve risks and uncertainties that could cause actual results to differ materially from historical or anticipated results due to many factors including, but not limited to, the Company's continuing operating losses, uncertainty of market acceptance of its products, reliance on third party manufacturers, accumulated deficit, future capital needs, uncertainty of capital funding, dependence on limited product line and distribution channels, competition, limited marketing and manufacturing experience, risks of development of new products, regulatory risks and other risks detailed in the Company's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other SEC filings. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

SIGNATURES

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

Neoprobe Corporation

Date: August 22, 2011

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

Exhibit 99.1

IMMEDIATE RELEASE **August 17, 2011**

NEOPROBE COMPLETES SALE OF GAMMA DETECTION DEVICE BUSINESS TO DEVICOR MEDICAL PRODUCTS

-- Deal Allows Company to Focus on Radiopharmaceutical Product Development and Commercialization --

DUBLIN, OHIO – August 17, 2011 – Neoprobe Corporation (NYSE Amex: NEOP), a diversified developer of innovative oncology surgical and diagnostic products, announced today that it completed the previously announced sale of its neoprobe® GDS line of gamma detection device systems to Devicor Medical Products, Inc. (Devicor) for $30 million in upfront consideration, plus up to an additional $20 million in royalties based on Devicor's achievement of certain revenue milestones. The sale was approved by Neoprobe's stockholders on August 15th at the Company's Annual Meeting.

"With the completion of this sale, Neoprobe transforms into a pure-play radiopharmaceutical company centered on development and commercialization of novel diagnostic and treatment agents for cancer and other significant disease areas," said Dr. Mark Pykett, Neoprobe President and CEO. "We now turn our focus squarely on the near-term goal of supporting the regulatory review and approval of Lymphoseek® (tilmanocept), on preparing for Lymphoseek's commercialization and on actively moving forward with other pipeline development opportunities including the in-licensing or acquisition of other attractive agents and our efforts surrounding RIGScan™."

"As we have highlighted previously, this agreement adds immediate strength to our balance sheet with the potential of significantly more value for shareholders tied to the continued growth of the GDS business under the strong marketing and sales direction of Devicor," said Brent Larson, Neoprobe Senior Vice President and CFO. "The sale provides Neoprobe with financial flexibility to continue development of our current pipeline products, while aggressively pursuing other product candidates that fit within our strategic direction of building a strong radiopharmaceutical-focused company."

Earlier this month the Company announced that it had submitted a New Drug Application (NDA) for Lymphoseek to the U.S. Food and Drug Administration (FDA). Neoprobe seeks clearance to market Lymphoseek in the United States for use in Intraoperative Lymphatic Mapping, a surgical oncology procedure in which lymph nodes draining the area around a tumor are identified and biopsied to determine if cancer has spread to the lymph nodes. The Company expects to receive notification from FDA regarding acceptance status of the NDA within 60 days from the date of submission.

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NEOPROBE CORPORATION
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Contacts:

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Investor Relations – Michael Rice, LifeSci Advisors -- (201) 408-4923

Public Relations/Media Relations – Mark Marmur, Makovsky & Co. -- (609) 354-8135

About Neoprobe

Neoprobe is a biomedical company focused on development of precision diagnostics that enhance patient care and improve patient benefit. Neoprobe is actively developing and commercializing targeted agents aimed at the identification of occult (undetected) disease. The Company's two lead radiopharmaceutical agent platforms – Lymphoseek® and RIGScan™ – are intended to help surgeons better identify and treat certain types of cancer. In achieving its goals, our business model leverages collaborations and partnerships with world-class institutions, manufacturing concerns and distribution entities. Neoprobe's strategy is to deliver superior growth and stockholder return by bringing to market novel radiopharmaceutical agents and advancing the Company's pipeline programs through continued investment and selective acquisition or in-licensing of complementary technologies. For more information, please visit www.neoprobe.com.

The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward-looking statements made by or on behalf of the Company. Statements in this news release, which relate to other than strictly historical facts, such as statements about the Company's plans and strategies, expectations for future financial performance, new and existing products and technologies, anticipated clinical and regulatory pathways, and markets for the Company's products are forward-looking statements within the meaning of the Act. The words "believe," "expect," "anticipate," "estimate," "project," and similar expressions identify forward-looking statements that speak only as of the date hereof. Investors are cautioned that such statements involve risks and uncertainties that could cause actual results to differ materially from historical or anticipated results due to many factors including, but not limited to, the Company's continuing operating losses, uncertainty of market acceptance of its products, reliance on third party manufacturers, accumulated deficit, future capital needs, uncertainty of capital funding, dependence on limited product line and distribution channels, competition, limited marketing and manufacturing experience, risks of development of new products, regulatory risks and other risks detailed in the Company's most recent Annual Report on Form 10-K and other Securities and Exchange Commission filings. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

EXHIBIT 99.2

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

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

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

The unaudited pro forma consolidated financial statements consist of:

- Unaudited Pro Forma Consolidated Balance Sheet – as of June 30, 2011
- Unaudited Pro Forma Consolidated Statements of Operations – six months ended June 30, 2011 and 2010
- Unaudited Pro Forma Consolidated Statements of Operations – years ended December 31, 2010, 2009 and 2008

The unaudited pro forma consolidated financial statements have been prepared giving effect to the Asset Sale as if it had occurred as of June 30, 2011 for the unaudited pro forma consolidated balance sheet and as of January 1, 2008 for the unaudited pro forma consolidated statements of operations.

These unaudited pro forma consolidated financial statements should be read in conjunction with the historical audited consolidated financial statements and the notes thereto included in Neoprobe's Annual Report on Form 10-K for the year ended December 31, 2010 and Quarterly Report on Form 10-Q for the six months ended June 30, 2011, as filed with the SEC, which are incorporated herein by reference, and with the unaudited annual financial statements of the GDS Business for the years ended December 31, 2010, 2009 and 2008 included herein.

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

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

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	June 30, 2011 Actual	Pro Forma Adjustments		June 30, 2011 Pro Forma
ASSETS	**Neoprobe**	**GDS Business**	**Asset Sale**	
Current assets:				
Cash	$ 7,544,395	$ --	$ 27,200,000 (a)	$ 34,744,395
Accounts receivable, net	2,032,933	2,026,798	--	6,135
Inventory, net	1,642,095	797,892	--	844,203
Prepaid expenses and other	160,252	34,396	--	125,856
Total current assets	11,379,675	2,859,086		35,720,589
Property and equipment	2,459,225	1,023,396	--	1,435,829
Less accumulated depreciation and amortization	1,952,850	927,845	--	1,025,005
	506,375	95,551		410,824
Patents and trademarks	544,599	502,014	--	42,585
Less accumulated amortization	450,758	429,587	--	21,171
	93,841	72,427		21,414
Other assets	7,421	--	--	7,421
Total assets	$ 11,987,312	$ 3,027,064		$ 36,160,248
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 1,578,508	$ 665,793	$ (86,958) (b)	$ 825,757
Accrued liabilities and other	2,663,246	134,209	(533,333) (b)	1,995,704
Notes payable to finance companies	9,072	--	--	9,072
Deferred revenue, current portion	735,954	735,954	--	--
Total current liabilities	4,986,780	1,535,956		2,830,532
Deferred revenue	841,074	841,074	--	--
Derivative liabilities	60,218	--	--	60,218
Other liabilities	21,843	--	--	21,843
Total liabilities	5,909,915	2,377,030		2,912,593
Stockholders' equity:				
Preferred stock	10		--	10
Common stock	94,538		--	94,538
Additional paid-in capital	263,514,167		--	263,514,167
Accumulated deficit	(257,531,318)		27,170,257 (c)	(230,361,061)
Total stockholders' equity	6,077,397			33,247,654
Total liabilities and stockholders' equity	$ 11,987,312			$ 36,160,248

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

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended June 30, 2011 Actual	Pro Forma Adjustments		Six Months Ended June 30, 2011 Pro Forma
	Neoprobe	GDS Business	Asset Sale	
Revenues:				
Net sales	$ 5,642,974	$ 5,642,974	$ -	$ -
License and other revenue	392,097	50,000	--	342,097
Total revenues	6,035,071	5,692,974	--	342,097
Cost of goods sold	1,758,963	1,758,963	--	--
Gross profit	4,276,108	3,934,011	--	342,097
Operating expenses:				
Research and development	4,553,428	341,299	--	4,212,129
Selling, general and administrative	5,379,205	248,901	--	5,130,304
Total operating expenses	9,932,633	590,200	--	9,342,433
(Loss) income from operations	(5,656,525)	3,343,811	--	(9,000,336)
Other expense, net	(961,400)	--	--	(961,400)
(Loss) income from continuing operations before income tax	(6,617,925)	3,343,811	--	(9,961,736)
Provision for income tax	--	1,136,896	1,136,896 (d)	--
Net (loss) income from continuing operations	(6,617,925)	2,206,916	(1,136,896)	(9,961,736)
Preferred stock dividends	(50,000)	--	--	(50,000)
Net (loss) income from continuing operations attributable to common stockholders	$ (6,667,925)	$ 2,206,916	$ (1,136,896)	$ (10,011,736)
Loss per share from continuing operations:				
Basic and diluted	$ (0.08)			$ (0.11)
Weighted average shares outstanding:				
Basic and diluted	87,549,776			87,549,776

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

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended June 30, 2010 Actual	Pro Forma Adjustments		Six Months Ended June 30, 2010 Pro Forma
	Neoprobe	GDS Business	Asset Sale	
Revenues:				
Net sales	$ 5,171,748	$ 5,171,748	$ --	$ --
License and other revenue	50,000	50,000	--	--
Total revenues	5,221,748	5,221,748	--	--
Cost of goods sold	1,700,621	1,700,621	--	--
Gross profit	3,521,127	3,521,127	--	--
Operating expenses:				
Research and development	4,139,173	208,044	--	3,931,129
Selling, general and administrative	2,046,544	230,170	--	1,816,374
Total operating expenses	6,185,717	438,214	--	5,747,503
(Loss) income from operations	(2,664,590)	3,082,913	--	(5,747,503)
Other expense, net	(42,852,793)	--	--	(42,852,793)
(Loss) income from continuing operations before income tax	(45,517,383)	3,082,913	--	(48,600,296)
Provision for income tax	--	1,048,190	1,048,190 (d)	--
Net (loss) income from continuing operations	(45,517,383)	2,034,723	(1,048,190)	(48,600,296)
Preferred stock dividends	(8,156,745)	--	--	(8,156,745)
Net (loss) income from continuing operations attributable to common stockholders	$ (53,674,128)	$ 2,034,723	$ (1,048,190)	$ (56,757,041)
Loss per share from continuing operations:				
Basic and diluted	$ (0.67)			$ (0.71)
Weighted average shares outstanding:				
Basic and diluted	79,917,641			79,917,641

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

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

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

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

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

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

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

NEOPROBE CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

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

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

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

1. Basis of Presentation

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

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

In the preparation of the pro forma consolidated balance sheet, the assumption was made that the assets were sold and liabilities were assumed by Devicor pursuant to the Asset Purchase Agreement on June 30, 2011. In the preparation of the pro forma consolidated statements of operations, the assumption was made that the Asset Sale took place on January 1, 2008.

1. Pro Forma Adjustments

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

(a) This amount reflects estimated net cash proceeds to be received related to the sale of the GDS Business to Devicor. The sale price was $30.0 million, and we expect to incur approximately $2.8 million in costs and expenses related to the transaction. Of the $2.8 million in costs and expenses, $2.55 million is payable for financial advisory services and $272,000 is payable for legal and other costs. The cash proceeds amount does not include any of the $20.0 million in potential future royalties, nor does it include any adjustment for net working capital at closing. Pursuant to the Asset Purchase Agreement, if the net working capital balance at the time of closing exceeds the target amount of net working capital as set forth in the Asset Purchase Agreement, then the purchase price will be adjusted upward in an amount equal to the excess, and if the net working capital balance at the time of closing is less than the target amount, then the purchase price will be adjusted downward in an amount equal to the deficiency.

(b) This amount reflects payment of invoices included in accounts payable and accruals included in accrued liabilities at June 30, 2011 that are assumed to be paid as part of the $2.8 million in costs and expenses related to the transaction.

(c) This amount represents the excess of the net cash proceeds of the sale over the net book value of the assets and liabilities being sold to Devicor, adjusted for amounts in accounts payable and accrued liabilities that are assumed to be paid as part of the $2.8 million in costs and expenses related to the transaction. The Asset Sale is expected to be subject to some amount of Federal, state and local income tax. However, this pro forma adjustment assumes that no income taxes are payable on the Asset Sale as the majority of the gain is expected to be offset by net operating loss carryforwards.

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

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

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

- Expenses related to (a) the termination of the Business Employees, including the payout of accrued but unused paid time off of $38,000 and the vesting of unvested stock options of $94,000 upon the closing of the Asset Sale, and (b) the Asset Sale of $2.8 million, as such expenses would not be recurring.