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

**FORM 8-K**

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

Date of Report (Date of earliest event reported) December 29, 2011

NAVIDEA BIOPHARMACEUTICALS, INC.

(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 1.01. Entry into a Material Definitive Agreement.**

On December 29, 2011, Neoprobe Corporation, a Delaware corporation which changed its name to Navidea Biopharmaceuticals, Inc. effective January 5, 2012 (the "Company"), entered into a Loan and Security Agreement (the "Loan Agreement") with Hercules Technology II, L.P., a Delaware limited partnership ("Hercules"), pursuant to which Hercules agreed to make a loan to the Company in an aggregate principal amount of $10,000,000. The Loan Agreement provides for the Company to make two draws, the first of which, in the amount of $7,000,000, the Company made on December 29, 2011. The Company may make a second draw of $3,000,000 at any time before June 30, 2012, if it has satisfied certain conditions contained in the Loan Agreement, including the Company's presenting evidence to Hercules of the approval of its Lymphoseek product by the United States Food and Drug Administration ("FDA"). The principal balance of each advance made under the Loan Agreement will bear interest from the applicable advance date at a rate equal to the greater of (a) the United States prime rate as reported in The Wall Street Journal (the "Prime Rate") plus 6.75%, and (b) 10.0%. The interest rate will float and change from time to time on any day upon which the Prime Rate changes.

In consideration of the agreement of Hercules to make the loan, the Company has paid Hercules a facilities charge of $100,000. The Company will make interest-only payments on the principal amount due under the Loan Agreement on the first day of each month until July 1, 2012, unless it has provided Hercules with evidence of FDA approval of the Lymphoseek product prior to June 30, 2012, in which case interest-only payments will continue until January 1, 2013. Following the interest-only payment period, the Company will repay the aggregate principal balance in 30 equal installments of principal and interest. The Loan Agreement also provides for the Company to elect to pay all or part of any regularly scheduled payment or optional prepayment by converting up to an aggregate amount of $1,500,000 of the principal amount of the loan outstanding into shares of the Company's common stock, $.001 par value ("Common Stock"), subject to the satisfaction of certain conditions set forth in the Loan Agreement. If the Company elects to make a payment through the conversion of amounts outstanding under the Loan Agreement into shares of Common Stock, the number of shares to be issued shall be equal to a number determined by dividing the amount to be converted by $2.77 (the "Fixed Conversion Price"), as such Fixed Conversion Price may be adjusted from time to time to reflect stock splits, stock dividends, combinations of shares or reverse stock splits. Hercules may also, subject to the satisfaction of certain conditions described in the Loan Agreement, elect to receive the payment of up to an aggregate amount of $1,500,000 of the principal amount of the loan in Common Stock by requiring the Company to effect a conversion as described above.

Pursuant to the terms of the Loan Agreement, the Company granted Hercules a security interest in the receivables, equipment, fixtures, general intangibles, inventory, investment property, deposit accounts, cash, goods and other property of the Company. The Loan Agreement requires that the Company adhere to certain affirmative and negative covenants, including a prohibition against the incurrence of other indebtedness without the consent of Hercules. Hercules may accelerate the payment terms of the loan upon the occurrence of certain events of default set forth in the Loan Agreement, which include the failure of the Company to make timely payments of amounts due under the Loan Agreement, the failure of the Company to adhere to the covenants set forth in the Loan Agreement, and the insolvency of the Company. Additionally, in consideration for the agreement of Hercules to enter into the Loan Agreement, the Company issued Hercules a warrant (the "Hercules Warrant") to purchase 333,333 shares of Common Stock at an exercise price of $2.10 per share (the "Warrant Exercise Price"), which Warrant Exercise Price is subject to adjustment pursuant to certain anti-dilution provisions contained in the Hercules Warrant.

The foregoing description of the terms of the Loan Agreement and the Hercules Warrant (collectively, the "Transaction Documents"), is qualified in its entirety by reference to the full text of each of the Transaction Documents, copies of which are attached hereto as Exhibits 10.1 and 10.2, respectively, and each of which is incorporated herein in its entirety by reference.

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

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

**Item 3.02. Unregistered Sale of Equity Securities.**

The contents of Item 1.01 are incorporated by reference into this item. The Hercules Warrant was issued to Hercules in a private transaction made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended. Hercules is an accredited investor as defined in Rule 501(a) of Regulation D and was fully informed regarding the investment. In addition, neither the Company nor anyone acting on its behalf offered or sold these securities by any form of general solicitation or general advertising.

**Item 8.01. Other Events.**

On January 4, 2012, the Company issued a press release announcing that Hercules will provide a total of $10 million in debt financing to the Company. A copy of the complete text of the Company's January 4, 2012, press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

On January 5, 2012, the Company issued a press release announcing that it had completed its corporate name change from Neoprobe Corporation to Navidea Biopharmaceuticals, Inc. The Company began trading under the new ticker symbol (NAVB) on the NYSE Amex exchange at market open on January 5, 2012. As previously reported in the Company's Current Report on Form 8-K dated December 16, 2011, the Company has filed a Certificate of Ownership in Delaware to effect a merger of the Company's wholly owned subsidiary, Neoprobe Name Change, Inc., with and into the Company, and to change the Company's legal name to "Navidea Biopharmaceuticals, Inc.," effective as of January 5, 2012. Pursuant to Section 253 of the General Corporation Law of Delaware, such merger will have the effect of amending the Company's Amended and Restated Certificate of Incorporation to delete Article 1 in its entirety, and replaced it with the following: "Article 1: The name of the corporation is Navidea Biopharmaceuticals, Inc." A copy of the Certificate of Ownership Merging Neoprobe Name Change, Inc. into Neoprobe Corporation was previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated December 16, 2011.

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. 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.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

| *Exhibit Number* | | *Exhibit Description* |
|---|---|---|
| 10.1 | * | Loan and Security Agreement, dated December 29, 2011, by and between Neoprobe Corporation and Hercules Technology II, L.P.. |
| 10.2 | * | Warrant to Purchase Common Stock of Neoprobe Corporation, issued to Hercules Technology II, L.P. on December 29, 2011. |
| 99.1 | * | Neoprobe Corporation press release dated January 4, 2012, entitled "Neoprobe Obtains $10 Million in Funding from Hercules." |
| 99.2 | * | Neoprobe Corporation press release dated January 5, 2012, entitled "Neoprobe Corporation becomes Navidea Biopharmaceuticals." |

*Filed Herewith

**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.

Navidea Biopharmaceuticals, Inc.

Date: January 5, 2012

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

**Explanatory Note:** This Loan and Security Agreement is included as an exhibit to the Neoprobe Corporation Current Report on Form 8-K filed January 5, 2012, to provide information concerning its terms. Except for its status as the agreement between the parties with respect to the transaction described therein, it is not intended to provide factual information about the parties. The representations and warranties contained in the Loan and Security Agreement were made only for purposes of such agreement, and as of specific dates, were solely for the benefit of the contracting parties, and may be subject to limitations agreed by the contracting parties, including being qualified by confidential disclosures between them. These representations and warranties were also made for the purpose of allocating contractual risk between the contracting parties instead of establishing them as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Accordingly, they should not be relied upon by investors as statements of factual information.

EXHIBIT 10.1

# LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made and dated as of December 29, 2011 and is entered into by and between NEOPROBE CORPORATION , a Delaware corporation, ("Borrower"), and HERCULES TECHNOLOGY II, L.P., a Delaware limited partnership ("Lender").

## RECITALS

A. Borrower has requested Lender to make available to Borrower a loan in an aggregate principal amount of up to $10,000,000;

B. Lender is willing to make such loan on the terms and conditions set forth in this Agreement.

## AGREEMENT

NOW, THEREFORE, Borrower and Lender agree as follows:

## SECTION 1. DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Account Control Agreement(s)" means any agreement entered into by and among Lender, Borrower and a third party bank or other institution (including a Securities Intermediary) in which Borrower maintains a Deposit Account or an account holding Investment Property and which grants Lender a perfected first priority security interest in the subject account or accounts.

"ACH Authorization" means the ACH Debit Authorization Agreement in substantially the form of Exhibit I.

"Advance" means the Term Advance.

"Advance Request" means a request for an Advance submitted by Borrower to Lender in substantially the form of Exhibit A.

"Agreement" means this Loan and Security Agreement, as amended from time to time.

"Asset Acquisition" means the licensing by the Borrower from AstraZeneca AB of a compound under development, intended for ultimate use in the diagnosis of Alzheimer's Disease.

"Assignee" has the meaning given to it in Section 10.13.

"Borrower Products" means all products, software, service offerings, technical data or technology currently being designed, manufactured or sold by Borrower or which Borrower intends to sell, license, or distribute in the future including any products or service offerings under development, collectively, together with all products, software, service offerings, technical data or technology that have been sold, licensed or distributed by Borrower since its incorporation.

"Cash" means all cash and liquid funds.

"Change in Control" means any reorganization, recapitalization, consolidation or merger (or similar transaction or series of related transactions) of Borrower, sale or exchange of outstanding shares (or similar transaction or series of related transactions) of Borrower or any Subsidiary in which the holders of Borrower's outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, retain shares representing more than fifty percent (50%) of the voting power of the surviving entity of such transaction or series of related transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether Borrower is the surviving entity.

"Claims" has the meaning given to it in Section 10.10.

"Closing Date" means the date of this Agreement.

"Collateral" means the property described in Section 3.

"Commitment Fee" means $37,500, which fee is due to Lender on or prior to the Closing Date, and shall be deemed fully earned on such date regardless of the early termination of this Agreement.

"Confidential Information" has the meaning given to it in Section 10.12.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another Person, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include (a) endorsements of negotiable instruments for collection or deposit in the ordinary course of business; (b) obligations arising under this Agreement; (c) obligations existing on the Closing Date and described in Schedule 1A; (d) obligations incurred in the ordinary course of business with respect to surety and appeal bonds, performance and return-of-money bonds and similar obligations not exceeding any time outstanding $100,000 in aggregate liability; (e) obligations incurred with respect to any Permitted Indebtedness; or (f) obligations not otherwise permitted by clauses (a) through (e) above so long as any such Contingent Obligations, in the aggregate at any time outstanding do not exceed $100,000. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

"Copyright License" means any written agreement granting any right to use any Copyright or Copyright registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Copyrights" means all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof, or of any other country.

"Deposit Accounts" means any "deposit accounts," as such term is defined in the UCC, and includes any checking account, savings account, or certificate of deposit.

"ERISA" is the Employee Retirement Income Security Act of 1974, and its regulations.

"Event of Default" has the meaning given to it in Section 9.

"Facility Charge" means $100,000.00.

"Financial Statements" has the meaning given to it in Section 7.1.

"GAAP" means generally accepted accounting principles in the United States of America, as in effect from time to time.

"Indebtedness" means indebtedness of any kind, including (a) all indebtedness for borrowed money or the deferred purchase price of property or services (excluding trade credit entered into in the ordinary course of business due within sixty (60) days), including reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations..

"Insolvency Proceeding" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Intellectual Property" means all of Borrower's Copyrights; Trademarks; Patents; Licenses; trade secrets and inventions; mask works; Borrower's applications therefor and reissues, extensions, or renewals thereof; and Borrower's goodwill associated with any of the foregoing, together with Borrower's rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

"Interest-Only Period" means the period beginning on the Closing Date and expiring on July 1, 2012, provided the Interest-Only Period shall be the period beginning on the Closing Date and expiring on January 1, 2013 upon Borrower's providing evidence satisfactory to Lender that Borrower has received FDA approval for Lymphoseek on or before June 30, 2012.

"Investment" means any beneficial ownership (including stock, partnership or limited liability company interests) of or in any Person, or any loan, advance or capital contribution to any Person or the acquisition of all, or substantially all, of the assets of another Person.

"Joinder Agreement" means a completed and executed Joinder Agreement by a Subsidiary in substantially the form attached hereto as Exhibit G.

"Lender" has the meaning given to it in the preamble to this Agreement.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, and any lease in the nature of a security interest.

"Loan Documents" means this Agreement, the Note, the ACH Authorization, the Account Control Agreements, the Joinder Agreements, all UCC Financing Statements, the Warrant, and any other documents executed in connection with the Secured Obligations or the transactions contemplated hereby, as the same may from time to time be amended, modified, supplemented or restated.

"Material Adverse Effect" means a material adverse effect upon: (i) the business, operations, properties, assets, prospects or condition (financial or otherwise) of Borrower, taken as a whole; or (ii) the ability of Borrower to perform the Secured Obligations in accordance with the terms of the Loan Documents, or the ability of Lender to enforce any of its rights or remedies with respect to the Secured Obligations; or (iii) the Collateral or Lender's Liens on the Collateral or the priority of such Liens.

"Maximum Rate" shall have the meaning assigned to such term in Section 2.3.

"Note" means the Term Note.

"Patent License" means any written agreement granting any right with respect to any invention on which a Patent is in existence or a Patent application is pending, in which agreement Borrower now holds or hereafter acquires any interest.

"Patents" means all letters patent of, or rights corresponding thereto, in the United States or in any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto, in the United States or any other country.

"Permitted Indebtedness" means: (i) Indebtedness of Borrower in favor of Lender arising under this Agreement or any other Loan Document; (ii) Indebtedness existing on the Closing Date which is disclosed in Schedule 1A; (iii) Indebtedness of up to $100,000 outstanding at any time secured by a lien described in clause (vii) of the defined term "Permitted Liens," provided such Indebtedness does not exceed the lesser of the cost or fair market value of the Equipment financed with such Indebtedness; (iv) Indebtedness to trade creditors incurred in the ordinary course of business, including Indebtedness incurred in the ordinary course of business with corporate credit cards; (v) Indebtedness that also constitutes a Permitted Investment; (vi) Subordinated Indebtedness; (vii) reimbursement obligations in connection with letters of credit that are secured by cash or cash equivalents and issued on behalf of Borrower or a Subsidiary thereof in an amount not to exceed $200,000 at any time outstanding, (viii) other Indebtedness in an amount not to exceed $100,000 at any time outstanding, and (ix) extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose materially more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"Permitted Investment" means: (i) Investments existing on the Closing Date which are disclosed in Schedule 1B; (ii) Investments permitted under the Borrower's Investment Policy attached hereto as Exhibit J; (iii) repurchases of stock from former employees, directors, or consultants of Borrower under the terms of applicable repurchase agreements at the original issuance price of such securities in an aggregate amount not to exceed $250,000 in any fiscal year, provided that no Event of Default has occurred, is continuing or would exist after giving effect to the repurchases; (iv) Investments accepted in connection with Permitted Transfers; (v) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business; (vi) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not affiliates, in the ordinary course of business, provided that this subparagraph (vi) shall not apply to Investments of Borrower in any Subsidiary; (vii) Investments consisting of loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of capital stock of Borrower pursuant to employee stock purchase plans or other similar agreements approved by Borrower's Board of Directors; (viii) Investments consisting of travel advances in the ordinary course of business; (ix) Investments in newly-formed Subsidiaries organized in the United States, provided that such Subsidiaries enter into a Joinder Agreement promptly after their formation by Borrower and execute such other documents as shall be reasonably requested by Lender; (x) Investments in subsidiaries organized outside of the United States approved in advance in writing by Lender; (xi) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the licensing of technology, the development of technology or the providing of technical support, provided that any cash Investments therein by Borrower (exceeding Investments related to the Asset Acquisition) do not exceed $2,500,000 in the aggregate in any fiscal year; and (xii) additional Investments that do not exceed $2,500,000 in the aggregate.

"Permitted Liens" means any and all of the following: (i) Liens in favor of Lender; (ii) Liens existing on the Closing Date which are disclosed in Schedule 1C; (iii) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; provided, that Borrower maintains adequate reserves therefor in accordance with GAAP; (iv) Liens securing claims or demands of materialmen, artisans, mechanics, carriers, warehousemen, landlords and other like Persons arising in the ordinary course of Borrower's business and imposed without action of such parties; provided, that the payment thereof is not yet required; (v) Liens arising from judgments, decrees or attachments in circumstances which do not constitute an Event of Default hereunder; (vi) the following deposits, to the extent made in the ordinary course of business: deposits under worker's compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than liens arising under ERISA or environmental liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds; (vii) Liens on Equipment or software or other intellectual property constituting purchase money liens and liens in connection with capital leases securing Indebtedness permitted in clause (iii) of the definition of "Permitted Indebtedness"; (viii) Liens incurred in connection with Subordinated Indebtedness; (ix) leasehold interests in leases or subleases and licenses granted in the ordinary course of business and not interfering in any material respect with the business of the licensor; (x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties that are promptly paid on or before the date they become due; (xi) Liens on insurance proceeds securing the payment of financed insurance premiums that are promptly paid on or before the date they become due (provided that such Liens extend only to such insurance proceeds and not to any other property or assets); (xii) statutory and common law rights of set-off and other similar rights as to deposits of cash and securities in favor of banks, other depository institutions and brokerage firms; (xiii) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business so long as they do not materially impair the value or marketability of the related property; (xiv) Liens on cash or cash equivalents securing obligations permitted under clause (vii) of the definition of Permitted Indebtedness; and (xv) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (i) through (xi) above; provided, that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced (as may have been reduced by any payment thereon) does not increase.

"Permitted Transfers" means (i) sales of Inventory in the normal course of business, (ii) non-exclusive licenses and similar arrangements for the use of Intellectual Property in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States in the ordinary course of business, or (iii) dispositions of worn-out, obsolete or surplus Equipment at fair market value in the ordinary course of business, and (iv) other Transfers of assets having a fair market value of not more than $150,000 in the aggregate in any fiscal year.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, other entity or government.

"Preferred Stock" means at any given time any equity security issued by Borrower that has any rights, preferences or privileges senior to Borrower's common stock.

"Receivables" means (i) all of Borrower's Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, letters of credit, proceeds of any letter of credit, and Letter of Credit Rights, and (ii) all customer lists, software, and business records related thereto.

"SBA" shall have the meaning assigned to such term in Section 7.14.

"SBIC" shall have the meaning assigned to such term in Section 7.14.

"SBIC Act" shall have the meaning assigned to such term in Section 7.14.

"Secured Obligations" means Borrower's obligations under this Agreement and any Loan Document, including any obligation to pay any amount now owing or later arising.

"Subordinated Indebtedness" means Indebtedness subordinated to the Secured Obligations in amounts and on terms and conditions satisfactory to Lender in its sole discretion.

"Subsidiary" means an entity, whether corporate, partnership, limited liability company, joint venture or otherwise, in which Borrower owns or controls 50% or more of the outstanding voting securities, including each entity listed on Schedule 1 hereto.

"Term Advance" means any funds advanced under this Agreement.

"Term Loan Interest Rate" means for any day a per annum rate of interest equal to the greater of either (i) the United States prime rate as reported in The Wall Street Journal plus 6.75%, and (ii) 10.0%.

"Term Loan Maturity Date" means December 1, 2014, provided Term Loan Maturity Date shall be June 1, 2015 if the Interest-Only Period is extended pursuant to Section 2.1.

"Term Note" means the Promissory Note in substantially the form of Exhibit B.

"Trademark License" means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Trademarks" means all trademarks (registered, common law or otherwise) and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof.

"UCC" means the Uniform Commercial Code as the same is, from time to time, in effect in the State of Delaware; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Lender's Lien on any Collateral is governed by the Uniform Commercial Code as the same is, from time to time, in effect in a jurisdiction other than the State of Delaware, then the term "UCC" shall mean the Uniform Commercial Code as in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

"Warrant" means the warrant entered into in connection with this Agreement.

Unless otherwise specified, all references in this Agreement or any Annex or Schedule hereto to a "Section," "subsection," "Exhibit," "Annex," or "Schedule" shall refer to the corresponding Section, subsection, Exhibit, Annex, or Schedule in or to this Agreement. Unless otherwise specifically provided herein, any accounting term used in this Agreement or the other Loan Documents shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP, consistently applied. Unless otherwise defined herein or in the other Loan Documents, terms that are used herein or in the other Loan Documents and defined in the UCC shall have the meanings given to them in the UCC.

## SECTION 2. THE LOAN

2.1 Term Loan.

(a) Advances. Subject to the terms and conditions of this Agreement, Lender will make, and Borrower agrees to draw, two Term Advances, the first in a principal amount equal to $7,000,000 upon the Closing Date, and the second in a principal amount of $3,000,000 at any time after Borrower satisfies the Second Advance Conditions set forth in Section 2.1(b), not in any case later than June 30, 2012.

(b) Second Advance Conditions. As a condition to requesting the Second Advance, (i) Borrower shall present Lender with evidence satisfactory to Lender of FDA approval of Borrower's product "Lymphoseek", (ii) all of the representations and warranties set forth in Section 5 shall be true in all material respects, and (iii) an Event of Default shall not then be continuing.

(c) Advance Request. To obtain a Term Advance, Borrower shall complete, sign and deliver an Advance Request and Term Note to Lender at the Closing.

(d) Interest. The principal balance of a Term Advance shall bear interest thereon from such Advance Date at the Term Loan Interest Rate based on a year consisting of 360 days, with interest computed daily based on the actual number of days elapsed. The Term Loan Interest Rate will float and change on the day the Prime Rate changes from time to time.

(e) Payment. Borrower will make interest-only payments on each Term Advance on the first day of each month, beginning the month after the Advance Date and continuing during the Interest-Only Period. Beginning on the first day of the month following the expiration of the Interest-Only Period, Borrower shall repay the aggregate principal balance of the Term Advances in 30 equal monthly installments of principal and interest. The entire principal balance and all accrued but unpaid interest shall be due and payable on Term Loan Maturity Date. Borrower shall make all payments under this Agreement without setoff, recoupment or deduction and regardless of any counterclaim or defense. Lender will initiate debit entries to Borrower's account as authorized on the ACH Authorization on each payment date of all periodic obligations payable under this Agreement or the Term Note.

(f) Optional Payment in Cash or Conversion to Common Stock of Monthly Amount or Prepayment Principal Amount.

(i) Borrower Election for Payment in Cash or Conversion to Common Stock. Subject to satisfaction of the Conversion Conditions and compliance with the other terms and conditions of this Section 2.1(e), Borrower may elect to pay, in whole or in part, any regularly scheduled installment of principal (a "Principal Installment Payment") or any optional prepayment of principal (an "Optional Prepayment") by converting a portion of the principal of the Note into shares of Common Stock in lieu of payment in cash (such option, the "Conversion Option"). In order to validly exercise a Conversion Option, Borrower (A) must deliver written notice thereof, in the form attached hereto as Exhibit J, to Lender (a "Conversion Election Notice") five (5) days prior to (i) the applicable due date of the Principal Installment Payment (the "Principal Installment Due Date") or (ii) the Optional Prepayment (such date, the "Optional Prepayment Date") and (B) shall either (i) (provided that Borrower's transfer agent is participating in the Fast Automated Securities Transfer Program of the Depository Trust Company) credit to Lender by no later than the first trading day following the applicable Principal Installment Due Date or Optional Prepayment Date (such date, the "Delivery Date") such aggregate number of shares of Common Stock to be issued to Lender with respect to such Conversion Election Notice, as determined in accordance with this Section 2.1(e) (which shares shall be free of any restrictions on transfer), or (ii) deliver to Lender, stock certificates, without restrictive legend, evidencing the number of shares of Common Stock with respect to such Conversion Election Notice, as determined in accordance with this Section 2.1(e), by no later than the first trading day following the applicable Delivery Date. All payments in respect of a Principal Installment Payment and Optional Prepayment shall be made in cash, unless (i) Borrower timely delivers a Conversion Election Notice in accordance with the immediately preceding sentence, (ii) Borrower timely delivers the requisite stock certificates or credits the shares of Common Stock to Lender, free of restrictive legends, in accordance with this Section 2.1(e) and (iii) the Conversion Conditions are satisfied in respect of such payment. A Conversion Election Notice, once delivered by Borrower, shall be irrevocable unless otherwise agreed, in writing, by Lender. If Borrower elects to make a Principal Installment Payment or an Optional Prepayment, in whole or in part, through conversion of such amount into shares of Common Stock, the number of such shares of Common Stock to be issued in respect of such Principal Installment Payment or Optional Prepayment shall be equal to the number determined by dividing (x) the principal amount to be paid in shares of Common Stock by (y) the Fixed Conversion Price. For purposes hereof, the "Fixed Conversion Price" shall be $2.77; provided, however, that upon the occurrence of any stock split, stock dividend, combination of shares or reverse stock split pertaining to the Common Stock, the Fixed Conversion Price shall be proportionately increased or decreased as necessary to reflect the proportionate change in the shares of Common Stock issued and outstanding as a result of such stock split, stock dividend, combination of shares or reverse stock split. Any shares of Common Stock issued pursuant to a Conversion Election Notice shall be deemed to be issued upon conversion of the Note.

(ii) Conversion Conditions. Notwithstanding the foregoing, Borrower's right to deliver, and Lender's obligation to accept, shares of Common Stock in lieu of payment in cash of a Principal Installment Payment or Optional Prepayment, as applicable, is conditioned on the satisfaction of each of the following conditions (the "Conversion Conditions") as of such Delivery Date: (A) the closing price of the shares of Common Stock as reported by Bloomberg, L.P. on the NYSE Amex stock market (the "NYSE Amex") for each of the seven (7) consecutive trading days immediately preceding the Delivery Date shall be greater than or equal to $2.77; (B) the Common Stock issued in connection with any such payment does not exceed 15% of the total trading volume of the Common Stock for the twenty-two (22) consecutive trading days immediately prior to and including such Delivery Date; (C) only one Conversion Election Notice may be given in any calendar month; (D) the aggregate principal amount to be paid in shares of Common Stock pursuant to Section 2.1(f)(i) of this Agreement shall not exceed One Million Five Hundred Thousand Dollars ($1,500,000); (E) the Common Stock is (and was on each of the twenty-two (22) consecutive trading days immediately preceding such Delivery Date) quoted or listed on the NYSE Amex or other national securities exchange; (F) a registration statement is effective and available for the resale of all of the shares of Common Stock to be delivered on such Delivery Date, or such shares of Common Stock are eligible for resale to the public pursuant to Rule 144 without any limitation; (G) after giving effect to the issuance of such shares of Common Stock to Lender, Lender would not (A) beneficially own, together with its affiliates, Common Stock in excess of the limitations specified in subsection (f)(iii) below and (B) have been issued shares of Common Stock pursuant to all Conversion Election Notices in an aggregate amount in excess of the Cap, as defined in subsection (f)(iii) below; (H) as of such Delivery Date, there is no outstanding Event of Default and there is no breach or default that, if left uncured, would result in an Event of Default; and (I) Borrower shall have sufficient authorized but unissued shares of Common Stock to provide for the issuance of the shares of Common Stock pursuant to the Conversion Election Notice. If any of the Conversion Conditions are not satisfied as of a Delivery Date, Borrower shall not be permitted to pay, and Lender shall not be obligated to accept, the Principal Installment Payment or Optional Prepayment, as applicable, in shares of Common Stock, and Borrower shall instead pay such principal amount in cash; provided, however, that the Conversion Conditions set forth in clauses (A), (B), (C), (E), (F) and (H) above may be waived by a writing executed by both Borrower and Lender. In the event the Company is relying upon an effective registration statement to satisfy clause (F) of the Conversion Conditions, each of the Company and Lender shall provide customary indemnification to one another with respect to such registration statement in a form acceptable to the Company and Lender. By no later than the first trading day following the Delivery Date, Borrower shall either (i) (provided that Borrower's transfer agent is participating in the Fast Automated Securities Transfer Program of the Depository Trust Company) credit to Lender the shares of Common Stock to be delivered by Borrower with respect to the portion of the Principal Installment Payment or Optional Prepayment being paid in shares of Common Stock or (ii) deliver to Lender, certificates, free of restrictive legends, evidencing the shares of Common Stock to be delivered by Borrower with respect to the portion of the Principal Installment Payment or Optional Prepayment being paid in shares of Common Stock.

(iii) Lender Election for Payment in Cash or Conversion to Common Stock. Subject to satisfaction of the Conversion Conditions and compliance with the other terms and conditions of this Section 2.1(f), with respect to any Principal Installment Payment scheduled from Borrower or any Optional Prepayment elected by Borrower, Lender may elect to receive such payment in Common Stock by requiring Borrower to effect a Conversion Option. In order to effect such a Conversion Option, Lender shall (A) deliver a Conversion Election Notice to Borrower five (5) days prior to (i) the applicable Principal Installment Due Date or Optional Prepayment Date. Borrower shall either (i) (provided that Borrower's transfer agent is participating in the Fast Automated Securities Transfer Program of the Depository Trust Company) credit to Lender by no later than the Delivery Date such aggregate number of shares of Common Stock to be issued to Lender with respect to such Conversion Election Notice, as determined in accordance with this Section 2.1(f) (which shares shall be free of any restrictions on transfer), or (ii) deliver to Lender, stock certificates, without restrictive legend, evidencing the number of shares of Common Stock with respect to such Conversion Election Notice, as determined in accordance with this Section 2.1(f), by no later than the first trading day following the applicable Delivery Date. A Conversion Election Notice, once delivered by Lender, shall be irrevocable unless otherwise agreed, in writing, by Borrower. If Lender elects to receive a Principal Installment Payment or an Optional Prepayment, in whole or in part, through conversion of such amount into shares of Common Stock, the number of such shares of Common Stock to be issued in respect of such Principal Installment Payment or Optional Prepayment shall be equal to the number determined by dividing (x) the principal amount to be paid in shares of Common Stock by (y) the Fixed Conversion Price. For purposes hereof, the "Fixed Conversion Price" shall be $2.77; provided, however, that upon the occurrence of any stock split, stock dividend, combination of shares or reverse stock split pertaining to the Common Stock, the Fixed Conversion Price shall be proportionately increased or decreased as necessary to reflect the proportionate change in the shares of Common Stock issued and outstanding as a result of such stock split, stock dividend, combination of shares or reverse stock split. Any shares of Common Stock issued pursuant to a Conversion Election Notice shall be deemed to be issued upon partial conversion of the principal of the Note. Notwithstanding the foregoing, Lender's right to receive, and Borrower's obligation to issue, shares of Common Stock in lieu of payment in cash of a Principal Installment Payment or Optional Prepayment, as applicable, is conditioned on the satisfaction of each of the following conditions as of such Delivery Date: (A) only one Conversion Election Notice may be given in any calendar month; and (B) the aggregate principal amount to be paid in shares of Common Stock pursuant to Section 2.1(f)(iii) of this Agreement shall not exceed One Million Five Hundred Thousand Dollars ($1,500,000).

(iv) Beneficial Ownership Limitation. Notwithstanding any provision herein to the contrary, Lender, together with its affiliates, shall not be permitted to beneficially own a number of shares of Common Stock (other than shares that may be deemed beneficially owned except for being subject to a limitation analogous to the limitation contained in this Section 2.1(f)(iii)) in excess of 9.99% of the number of shares of Common Stock then issued and outstanding, it being the intent of Borrower and Lender that Lender, together with its affiliates, not be deemed at any time to have the power to vote or dispose of greater than 9.99% of the number of shares of Common Stock issued and outstanding at any time; *provided*, *however*, that Lender shall have the right, upon 61 days' prior written notice to Borrower, to waive the 9.99% limitation of this subsection. Notwithstanding anything contained herein to the contrary, Borrower shall not be permitted to issue to Lender, and Lender shall not be required to accept, shares of Common Stock pursuant to a Conversion Election Notice if and to the extent such issuance, when taking together with all other issuances pursuant to prior Conversion Election Notices, would result in (A) the issuance of more than 19.99% of the Common Stock outstanding as of the date of this Agreement or (B) Lender, together with its affiliates, beneficially owning in excess of 19.99% of the outstanding Common Stock (each of clauses (A) and (B) are referred to herein as the "Cap"). As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"). For any reason at any time, upon written or oral request of Lender, Borrower shall within one business day confirm orally and in writing to Lender the number of shares of Common Stock then issued and outstanding as of any given date.

(v) Rule 144. With a view to making available to Lender the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the Securities and Exchange Commission (the "SEC") that may at any time permit Lender to sell shares of Common Stock issued pursuant to Section 2.1(f) of this Agreement to the public without registration, Borrower covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until six (6) months after such date as all of the shares of Common Stock issued pursuant to Section 2.1(f) of this Agreement may be sold without restriction by Lender pursuant to Rule 144 or any other rule of similar effect; (ii) file with the SEC in a timely manner (or obtain extensions in respect thereof and file within the applicable grace period) all reports and other documents required of Borrower under the 1934 Act; and (iii) furnish to Lender upon request, as long as Lender owns any shares of Common Stock issued pursuant to Section 2.1(f) of this Agreement, such information as may be reasonably requested in order to avail Lender of any rule or regulation of the SEC that permits the selling of any such shares of Common Stock without registration.

(vi) Stock Reservation. Borrower covenants and agrees to reserve from its duly authorized capital stock not less than the number of shares of Common Stock that may be issuable upon payment of any Principal Installment Payment or Optional Prepayment pursuant to Section 2.1(f) of this Agreement. Borrower further represents, warrants and covenants that, upon issuance of any shares of Common Stock pursuant to Section 2.1(f) of this Agreement, such shares of Common Stock shall be validly issued, fully paid and non-assessable and free from all preemptive or similar rights, taxes, liens and charges with respect to the issue thereof.

(vii) Authorization. For so long as Lender holds any shares of Common Stock issued pursuant to Section 2.1(f) of this Agreement, Borrower shall maintain the Common Stock's authorization for listing on NYSE Amex (or on another national securities exchange) and Borrower shall not take any action which would reasonably be expected to result in the delisting or suspension of the Common Stock on NYSE Amex (or other national securities exchange on which the Common Stock is listed).

2.2 Maximum Interest. Notwithstanding any provision in any Loan Document, it is the parties' intent not to contract for, charge or receive interest at a rate that is greater than the maximum rate permissible by law that a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If a court of competent jurisdiction shall finally determine that Borrower has actually paid to Lender an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate, then such excess interest actually paid by Borrower shall be applied as follows: first, to the payment of outstanding principal; second, after all principal is repaid, to the payment of Lender's accrued interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2.3 Default Interest. In the event any payment is not paid on the scheduled payment date, an amount equal to five percent (5%) of the past due amount shall be payable on demand. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, all Secured Obligations, including principal, interest, compounded interest, and professional fees, shall bear interest at a rate per annum equal to the rate set forth in Section 2.1(c) plus five percent (5%) per annum. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the rate set forth in Section 2.1(c).

2.4 Prepayment. At its option upon at least 7 business days prior notice to Lender, Borrower may prepay all, but not less than all, of the outstanding Advances by paying the entire principal balance, all accrued and unpaid interest, together with a prepayment charge equal to the following percentage of the Advance amount being prepaid: if such Advance amounts are prepaid in any of the first twelve (12) months following the Closing Date, 2.5%; after twelve (12) months but prior to twenty four (24) months, 1.5%; and thereafter, 0.5% (each, a "Prepayment Charge"). Upon any other prepayment, including any payment after the occurrence of an Event of Default, Borrower shall prepay the outstanding amount of all principal and accrued interest through the prepayment date and the Prepayment Charge.

2.5 End of Term Fee. On the earliest to occur of (i) the Term Loan Maturity Date, (ii) the date that Borrower prepays the outstanding Secured Obligations, or (iii) the date that the Secured Obligations become due and payable, Borrower shall pay Lender a fee of $250,000. Notwithstanding the required payment date of such charge, it shall be deemed earned by Lender as of the Closing Date.

## SECTION 3. SECURITY INTEREST

3.1 As security for the prompt, complete and indefeasible payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Borrower grants to Lender a security interest in all of Borrower's right, title, and interest in and to the following personal property whether now owned or hereafter acquired, including the following (collectively, the "Collateral"): (a) Receivables; (b) Equipment; (c) Fixtures; (d) General Intangibles ; (e) Inventory; (f) Investment Property (but excluding thirty-five percent (35%) of the capital stock of any foreign Subsidiary that constitutes a Permitted Investment); (g) Deposit Accounts; (h) Cash; (i) Goods; and other tangible and intangible personal property of Borrower whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located; and, to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing**;** provided, however, that the Collateral shall not include Intellectual Property, but shall include all Accounts and General Intangibles that consist of rights to payment and proceeds from the sale, licensing or disposition of all or any part, or rights in, the Intellectual Property (the "Rights to Payment"). Notwithstanding the foregoing, if a judicial authority (including a U.S. Bankruptcy Court) holds that a security interest in the underlying Intellectual Property is necessary to have a security interest in the Rights to Payment, then the Collateral shall automatically, and effective as of the date of this Agreement, include the Intellectual Property to the extent necessary to permit perfection of Lender's security interest in the Rights to Payment.

## SECTION 4. CONDITIONS PRECEDENT TO LOAN

The obligation of Lender to make the Term Advance is subject to the satisfaction by Borrower of the following conditions:

4.1 Initial Advance. On or prior to the Closing Date, Borrower shall have delivered to Lender the following, in all cases in form and substance reasonably acceptable to Lender:

(a) executed originals of the Loan Documents, Account Control Agreements, a legal opinion of Borrower's counsel, and all other documents and instruments reasonably required by Lender to effectuate the transactions contemplated hereby or to create and perfect the Liens of Lender with respect to all Collateral;

(b) certified copy of resolutions of Borrower's board of directors evidencing approval of (i) the Loan and other transactions evidenced by the Loan Documents; and (ii) the Warrant and transactions evidenced thereby;

(c) certified copies of the Certificate of Incorporation and the Bylaws, as amended through the Closing Date, of Borrower;

(d) a certificate of good standing for Borrower from its state of incorporation and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified would have a Material Adverse Effect;

(e) payment of the Facility Charge and reimbursement of Lender's current expenses reimbursable pursuant to this Agreement, which amounts may be deducted from the initial Advance; and

(f) such other documents as Lender may reasonably request.

4.2 Date of Advance. On the date an Advance is to be made:

(a) Lender shall have received (i) an Advance Request and a Note in respect of that Advance, each duly executed by Borrower's Chief Executive Officer or Chief Financial Officer, and (ii) any other documents Lender may reasonably request.

(b) The representations and warranties set forth in this Agreement and in Section 5 and in the Warrant shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Advance no Event of Default shall have occurred and be continuing.

4.3 No Default. As of the Closing Date and the date of each Advance, (i) no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default and (ii) no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

4.4 Asset Acquisition. On or before the Closing Date, Borrower shall have completed the Asset Acquisition on terms substantially as disclosed to Lender.

## SECTION 5. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents and warrants that:

5.1 Corporate Status. Borrower is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation in all jurisdictions in which the nature of its business or location of its properties require such qualifications and where the failure to be qualified could reasonably be expected to have a Material Adverse Effect. Borrower's present name, former names (if any), locations, place of formation, tax identification number, organizational identification number and other information are correctly set forth in Exhibit C, as may be updated by Borrower in a written notice (including any Compliance Certificate) provided to Lender after the Closing Date.

5.2 Title. Borrower owns its property free of all Liens, except for Permitted Liens. Borrower has the power and authority to grant to Lender a Lien in the Collateral as security for the Secured Obligations .

5.3 Consents. Borrower's execution, delivery and performance of the Loan Documents (i) have been duly authorized by all necessary corporate action of Borrower, (ii) will not result in the creation or imposition of any Lien upon any of Borrower's property, other than Permitted Liens and the Liens created by this Agreement and the other Loan Documents, (iii) do not violate any provisions of Borrower's Certificate of Incorporation, bylaws, or any, law, regulation, order, injunction, judgment, decree or writ to which Borrower is subject and (iv) do not violate any contract or agreement or require the consent or approval of any other Person. The individual or individuals executing the Loan Documents are duly authorized to do so.

5.4 Material Adverse Effect. No event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing. Borrower is not aware of any event likely to occur that is reasonably expected to result in a Material Adverse Effect.

5.5 Actions Before Governmental Authorities. Except as disclosed on Schedule 5.5, there are no actions, suits or proceedings at law or in equity or by or before any governmental authority now pending or, to the knowledge of Borrower, threatened against or affecting Borrower or its property.

5.6 Laws. Borrower is not in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any governmental authority, where such violation or default is reasonably expected to result in a Material Adverse Effect. Borrower is not in default in any manner under any provision of any agreement or instrument evidencing indebtedness, or any other material agreement to which it is a party or by which it is bound.

5.7 Information Correct and Current. No information, report, Advance Request, financial statement, exhibit or schedule furnished, by or on behalf of Borrower to Lender in connection with any Loan Document or included therein or delivered pursuant thereto contained, contains or will contain, to the knowledge of Borrower, any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading at the time such statement was made or deemed made. Any and all financial or business projections provided by Borrower to Lender shall be (i) provided in good faith and based on the most current data and information available to Borrower, and (ii) the most current of such projections provided to Borrower's Board of Directors.

5.8 Tax Matters. (a) Borrower has filed all federal, state and local tax returns that it is required to file, (b) Borrower has duly paid or fully reserved for all taxes or installments thereof (including any interest or penalties) as and when due, which have or may become due pursuant to such returns, and (c) Borrower has paid or fully reserved for any tax assessment received by Borrower for the three (3) years preceding the Closing Date, if any (including any taxes being contested in good faith and by appropriate proceedings).

5.9 Intellectual Property Claims. Borrower is the sole owner of, or otherwise has the right to use, the Intellectual Property. To Borrower's knowledge, each of the material Copyrights, Trademarks and Patents is valid and enforceable, no material part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and no claim has been made to Borrower that any material part of the Intellectual Property violates the rights of any third party. Exhibit D is a true, correct and complete list of each of Borrower's Patents, registered Trademarks, registered Copyrights, and material agreements under which Borrower licenses Intellectual Property from third parties (other than commercially available computer software that has a replacement cost per end user license of less than $5,000), together with application or registration numbers, as applicable, owned by Borrower or any Subsidiary, in each case as of the Closing Date. Borrower is not in material breach of, nor has Borrower failed to perform any material obligations under, any of the foregoing contracts, licenses or agreements and, to Borrower's knowledge, no third party to any such contract, license or agreement is in material breach thereof or has failed to perform any material obligations thereunder.

5.10 Intellectual Property. Borrower has, or in the case of any proposed business, will have, all material rights with respect to Intellectual Property necessary in the operation or conduct of Borrower's business as currently conducted and proposed to be conducted by Borrower. Without limiting the generality of the foregoing, and in the case of Licenses, except for restrictions that are unenforceable under Article 9 of the UCC, Borrower has the right, to the extent required to operate Borrower's business, to freely transfer, license or assign Intellectual Property without condition, restriction or payment of any kind (other than license payments in the ordinary course of business) to any third party, and Borrower owns or has the right to use, pursuant to valid licenses, all software development tools, library functions, compilers and all other third-party software and other items that are used in the design, development, promotion, sale, license, manufacture, import, export, use or distribution of Borrower Products.

5.11 Borrower Products. No Intellectual Property owned by Borrower or Borrower Product has been or is subject to any actual or, to the knowledge of Borrower, threatened litigation, proceeding (including any proceeding in the United States Patent and Trademark Office or any corresponding foreign office or agency) or outstanding decree, order, judgment, settlement agreement or stipulation that restricts in any manner Borrower's use, transfer or licensing thereof or that may affect the validity, use or enforceability thereof. There is no decree, order, judgment, agreement, stipulation, arbitral award or other provision entered into in connection with any litigation or proceeding that obligates Borrower to grant licenses or ownership interest in any future Intellectual Property related to the operation or conduct of the business of Borrower or Borrower Products. Borrower has not received any written notice or claim, or, to the knowledge of Borrower, oral notice or claim, challenging or questioning Borrower's ownership in any Intellectual Property (or written notice of any claim challenging or questioning the ownership in any licensed Intellectual Property of the owner thereof) or suggesting that any third party has any claim of legal or beneficial ownership with respect thereto nor, to Borrower's knowledge, is there a reasonable basis for any such claim. To Borrower's knowledge, neither Borrower's use of its Intellectual Property nor the production and sale of Borrower Products infringes the Intellectual Property or other rights of others.

5.12 Financial Accounts. Exhibit E, as may be updated by Borrower in a written notice provided to Lender after the Closing Date, is a true, correct and complete list of (a) all banks and other financial institutions at which Borrower or any Subsidiary maintains Deposit Accounts and (b) all institutions at which Borrower or any Subsidiary maintains an account holding Investment Property, and such exhibit correctly identifies the name, address and telephone number of each bank or other institution, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor.

5.13 Employee Loans. Borrower has no outstanding loans to any employee, officer or director of Borrower nor has Borrower guaranteed the payment of any loan made to an employee, officer or director of Borrower by a third party.

5.14 Capitalization and Subsidiaries. Borrower's capitalization as of the Closing Date is set forth on Schedule 5.14 annexed hereto. Borrower does not own any stock, partnership interest or other securities of any Person, except for Permitted Investments. Attached as Schedule 5.14, as may be updated by Borrower in a written notice provided after the Closing Date, is a true, correct and complete list of each Subsidiary.

**SECTION 6. INSURANCE; INDEMNIFICATION**

6.1 Coverage. Borrower shall cause to be carried and maintained commercial general liability insurance, on an occurrence form, against risks customarily insured against in Borrower's line of business. Such risks shall include the risks of bodily injury, including death, property damage, personal injury, advertising injury, and contractual liability per the terms of the indemnification agreement found in Section 6.3. Borrower must maintain a minimum of $2,000,000 of commercial general liability insurance for each occurrence. Borrower has and agrees to maintain a minimum of $2,000,000 of directors and officers' insurance for each occurrence and $5,000,000 in the aggregate. So long as there are any Secured Obligations outstanding, Borrower shall also cause to be carried and maintained insurance upon the Collateral, insuring against all risks of physical loss or damage howsoever caused, in an amount not less than the full replacement cost of the Collateral, provided that such insurance may be subject to standard exceptions and deductibles. Borrower shall also carry and maintain a fidelity insurance policy in an amount not less than $100,000.

6.2 Certificates. Borrower shall deliver to Lender certificates of insurance that evidence Borrower's compliance with its insurance obligations in Section 6.1 and the obligations contained in this Section 6.2. Borrower's insurance certificate shall state Lender is an additional insured for commercial general liability, an additional insured and a loss payee for all risk property damage insurance, subject to the insurer's approval, a loss payee for fidelity insurance, and a loss payee for property insurance and additional insured for liability insurance for any future insurance that Borrower may acquire from such insurer. Attached to the certificates of insurance will be additional insured endorsements for liability and lender's loss payable endorsements for all risk property damage insurance and fidelity. All certificates of insurance will provide for a minimum of thirty (30) days advance written notice to Lender of cancellation or any other change adverse to Lender's interests. Any failure of Lender to scrutinize such insurance certificates for compliance is not a waiver of any of Lender's rights, all of which are reserved.

6.3 Indemnity. Borrower shall indemnify and hold Lender and its officers, directors, employees, agents, in-house attorneys, representatives and shareholders harmless from and against any and all claims, costs, expenses, damages and liabilities (including such claims, costs, expenses, damages and liabilities based on liability in tort, including strict liability in tort), including reasonable attorneys' fees and disbursements and other costs of investigation or defense (including those incurred upon any appeal), that may be instituted or asserted against or incurred by Lender or any such Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents or the administration of such credit, or in connection with or arising out of the transactions contemplated hereunder and thereunder, or any actions or failures to act in connection therewith, or arising out of the disposition or utilization of the Collateral, excluding in all cases claims resulting solely from Lender's gross negligence or willful misconduct. Borrower agrees to pay, and to save Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other similar taxes (excluding taxes imposed on or measured by the net income of Lender) that may be payable or determined to be payable with respect to any of the Collateral or this Agreement.

## SECTION 7. COVENANTS OF BORROWER

Borrower agrees as follows:

7.1 Financial Reports. Borrower shall furnish to Lender the financial statements and reports listed hereinafter (the "Financial Statements"):

(a) as soon as practicable (and in any event within 30 days) after the end of each month, unaudited interim and year-to-date financial statements as of the end of such month (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that would reasonably be expected to have a Material Adverse Effect, all certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, (ii) that they are subject to normal year end adjustments, and (iii) they do not contain certain non-cash items that are customarily included in quarterly and annual financial statements;

(b) as soon as practicable (and in any event within 30 days) after the end of each calendar quarter, unaudited interim and year-to-date financial statements as of the end of such calendar quarter (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that would reasonably be expected to have a Material Adverse Effect, certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, and (ii) that they are subject to normal year end adjustments; as well as the most recent capitalization table for Borrower, including the weighted average exercise price of employee stock options;

(c) as soon as practicable (and in any event within one hundred fifty (150) days) after the end of each fiscal year, unqualified audited financial statements (except for a going concern qualification with respect to projected cash) as of the end of such year (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows, and setting forth in comparative form the corresponding figures for the preceding fiscal year, certified by a firm of independent certified public accountants selected by Borrower and reasonably acceptable to Lender, accompanied by any management report from such accountants;

(d) as soon as practicable (and in any event within 30 days) after the end of each month, a Compliance Certificate in the form of Exhibit F;

(e) as soon as practicable (and in any event within 7 business days) after the end of each month, a report showing agings of accounts receivable and accounts payable in individual amounts equal to or greater than $5,000;

(f) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or reports that Borrower has made available to holders of its Preferred Stock and copies of any regular, periodic and special reports or registration statements that Borrower files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or any national securities exchange;

(g) promptly after the same are provided to Borrower's Board of Directors, copies of (i) all notices of and agendas for any meeting of the Board of Directors, (ii) all actions by written consent of the directors, and (iii) within 30 days after any meeting of the Board of Directors, minutes of such meeting; and

(h) budgets for any fiscal year, and modifications thereto, promptly following their approval by Borrower's Board of Directors, as well as operating plans and other financial information reasonably requested by Lender.

Borrower shall not make any material change in its (a) accounting policies or reporting practices, except as required by GAAP or (b) fiscal years or fiscal quarters. The fiscal year of Borrower shall end on December 31.

The executed Compliance Certificate may be sent via facsimile to Lender at (650) 473-9194 or via e-mail to cnorman@herculestech.com. All Financial Statements required to be delivered pursuant to clauses (a), (b) and (c) shall be sent via e-mail to financialstatements@herculestech.com with a copy to cnorman@herculestech.com provided, that if e-mail is not available or sending such Financial Statements via e-mail is not possible, they shall be sent via facsimile to Lender at: (866) 468-8916, attention Chief Credit Officer.

7.2 Management Rights. Borrower shall permit any representative that Lender authorizes, including its attorneys and accountants, to inspect the Collateral and examine and make copies and abstracts of the books of account and records of Borrower at reasonable times and upon reasonable prior written notice during normal business hours. In addition, any such representative shall have the right to meet with management and officers of Borrower to discuss such books of account and records. In addition, Lender shall be entitled at reasonable times and intervals to consult with and advise the management and officers of Borrower concerning significant business issues affecting Borrower. Such consultations shall not unreasonably interfere with Borrower's business operations. The parties intend that the rights granted Lender shall constitute "management rights" within the meaning of 29 C.F.R Section 2510.3-101(d)(3)(ii), but that any advice, recommendations or participation by Lender with respect to any business issues shall not be deemed to give Lender, nor be deemed an exercise by Lender of, control over Borrower's management or policies.

7.3 Further Assurances. Borrower shall from time to time execute, deliver and file, alone or with Lender, any financing statements, security agreements, collateral assignments, notices, control agreements, or other documents to perfect or give the highest priority to Lender's Lien on the Collateral. Borrower shall from time to time procure any instruments or documents as may be requested by Lender, and take all further action that may be necessary or desirable, or that Lender may reasonably request, to perfect and protect the Liens granted hereby and thereby. In addition, and for such purposes only, Borrower hereby authorizes Lender to execute and deliver on behalf of Borrower and to file such financing statements, collateral assignments, notices, control agreements, security agreements and other documents without the signature of Borrower either in Lender's name or in the name of Lender as agent and attorney-in-fact for Borrower. Borrower shall protect and defend Borrower's title to the Collateral and Lender's Lien thereon against all Persons claiming any interest adverse to Borrower or Lender other than Permitted Liens.

7.4 Indebtedness. Without the prior written approval of Lender, which shall not be unreasonably be withheld, conditioned or delayed, Borrower shall not create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower an obligation to prepay any Indebtedness, except for the conversion of Indebtedness into equity securities and the payment of cash in lieu of fractional shares in connection with such conversion.

7.5 Encumbrances. Borrower shall at all times keep its property free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Lender prompt written notice of any legal process affecting such property or any Liens thereon. Borrower shall cause its Subsidiaries to protect and defend such Subsidiary's title to its property from and against all Persons claiming any interest adverse to such Subsidiary, and Borrower shall cause its Subsidiaries at all times to keep such Subsidiary's property free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Lender prompt written notice of any legal process affecting such Subsidiary's property. Borrower shall not agree with any Person other than Lender not to encumber its property.

7.6 Investments. Borrower shall not directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments, or Investments in an aggregate amount that does not exceed the aggregate net proceeds to the Borrower from (i) sales of equity securities, or (ii) issuances of unsecured Subordinated Indebtedness on terms acceptable to Lender, occurring after the Closing Date.

7.7 Distributions. Borrower shall not, and shall not allow any Subsidiary to, (a) repurchase or redeem any class of stock or other equity interest other than pursuant to (i) employee, director or consultant repurchase plans or other similar agreements; provided, however, in each case the repurchase or redemption price does not exceed the original consideration paid for such stock or equity interest, or (b) declare or pay any cash dividend or make a cash distribution on any class of stock or other equity interest, except for payments of accrued dividends on Borrower's Series C Convertible Preferred Stock at an annual rate of 10% of the liquidation preference thereof, as provided in Section 2(a) of the certificate of designation thereof filed with the Delaware Secretary of State on June 22, 2010; or (c) lend money to any employees, officers or directors or guarantee the payment of any such loans granted by a third party in excess of $100,000 in the aggregate or (d) waive, release or forgive any indebtedness owed by any employees, officers or directors in excess of $100,000 in the aggregate.

7.8 Transfers. Except for Permitted Transfers, Borrower shall not voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey any equitable, beneficial or legal interest in any material portion of its assets.

7.9 Mergers or Acquisitions. Borrower shall not merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization (other than mergers or consolidations of a Subsidiary into another Subsidiary or into Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person, other than Permitted Investments.

7.10 Taxes. Borrower and its Subsidiaries shall pay when due all taxes, fees or other charges of any nature whatsoever (together with any related interest or penalties) now or hereafter imposed or assessed against Borrower, Lender or the Collateral or upon Borrower's ownership, possession, use, operation or disposition thereof or upon Borrower's rents, receipts or earnings arising therefrom. Borrower shall file on or before the due date therefor all personal property tax returns in respect of the Collateral. Notwithstanding the foregoing, Borrower may contest, in good faith and by appropriate proceedings, taxes for which Borrower maintains adequate reserves therefor in accordance with GAAP.

7.11 Corporate Changes. Neither Borrower nor any Subsidiary shall change its corporate name, legal form or jurisdiction of formation without twenty (20) days' prior written notice to Lender, provided the Borrower may change its name to "Navidea Biopharmaceuticals, Inc." Borrower shall not suffer a Change in Control without the consent of Lender. Borrower shall not relocate its chief executive office or its principal place of business unless: (i) it has provided prior written notice to Lender; and (ii) such relocation shall be within the continental United States. Borrower shall not relocate any item of Collateral (other than (x) sales of Inventory in the ordinary course of business, (y) relocations of Equipment having an aggregate value of up to $150,000 in any fiscal year, and (z) relocations of Collateral from a location described on Exhibit C to another location described on Exhibit C) unless (i) it has provided prompt written notice to Lender, (ii) such relocation is within the continental United States and, (iii) if such relocation is to a third party bailee, it has delivered a bailee agreement in form and substance reasonably acceptable to Lender.

7.12 Deposit Accounts. Neither Borrower nor any Subsidiary shall maintain any Deposit Accounts, or accounts holding Investment Property, except with respect to which Lender has an Account Control Agreement.

7.13 Subsidiaries. Borrower shall notify Lender of each Subsidiary formed subsequent to the Closing Date and, within 15 days of formation, shall cause any such Subsidiary organized under the laws of any State within the United States to execute and deliver to Lender a Joinder Agreement.

7.14 Lender has received a license from the U.S. Small Business Administration ("SBA") to extend loans as a small business investment company ("SBIC") pursuant to the Small Business Investment Act of 1958, as amended, and the associated regulations (collectively, the "SBIC Act"). Portions of the loan to Borrower will be made under the SBA license and the SBIC Act. Addendum 1 to this Agreement outlines various responsibilities of Lender and Borrower associated with an SBA loan, and such Addendum 1 is hereby incorporated in this Agreement.

## SECTION 8. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall be an Event of Default:

8.1 Payments. Borrower fails to pay any amount due under this Agreement, the Notes or any of the other Loan Documents on the due date; or

8.2 Covenants. Borrower breaches or defaults in the performance of any covenant or Secured Obligation under this Agreement, the Notes, or any of the other Loan Documents, and (a) with respect to a default under any covenant under this Agreement (other than under Sections 6 or 7) such default continues for more than ten (10) days after the earlier of the date on which (i) Lender has given notice of such default to Borrower and (ii) Borrower has actual knowledge of such default or (b) with respect to a default under any of Sections 6 or 7, the occurrence of such default; or

8.3 Material Adverse Effect. A circumstance has occurred that would reasonably be expected to have a Material Adverse Effect; or

8.4 Other Loan Documents. The occurrence of any default under any Loan Document or any other agreement between Borrower and Lender and such default continues for more than ten (10) days after the earlier of (a) Lender has given notice of such default to Borrower, or (b) Borrower has actual knowledge of such default; or

8.5 Representations. Any representation or warranty made by Borrower in any Loan Document or in the Warrant shall have been false or misleading in any material respect; or

8.6 Insolvency. Borrower (A) (i) shall make an assignment for the benefit of creditors; or (ii) shall be unable to pay its debts as they become due, or be unable to pay or perform under the Loan Documents, or shall become insolvent; or (iii) shall file a voluntary petition in bankruptcy; or (iv) shall file any petition, answer, or document seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation pertinent to such circumstances; or (v) shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of Borrower or of all or any substantial part (i.e., 33-1/3% or more) of the assets or property of Borrower; or (vi) shall cease operations of its business as its business has normally been conducted, or terminate substantially all of its employees; or (vii) Borrower or its directors or majority shareholders shall take any action initiating any of the foregoing actions described in clauses (i) through (vi); or (B) either (i) thirty (30) days shall have expired after the commencement of an involuntary action against Borrower seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, without such action being dismissed or all orders or proceedings thereunder affecting the operations or the business of Borrower being stayed; or (ii) a stay of any such order or proceedings shall thereafter be set aside and the action setting it aside shall not be timely appealed; or (iii) Borrower shall file any answer admitting or not contesting the material allegations of a petition filed against Borrower in any such proceedings; or (iv) the court in which such proceedings are pending shall enter a decree or order granting the relief sought in any such proceedings; or (v) thirty (30) days shall have expired after the appointment, without the consent or acquiescence of Borrower, of any trustee, receiver or liquidator of Borrower or of all or any substantial part of the properties of Borrower without such appointment being vacated; or

8.7 Attachments; Judgments. Any portion of Borrower's assets is attached or seized, or a levy is filed against any such assets, or a judgment or judgments is/are entered for the payment of money, individually or in the aggregate, of at least $100,000, or Borrower is enjoined or in any way prevented by court order from conducting any part of its business; or

8.8 Other Obligations. The occurrence of any default under any agreement or obligation of Borrower involving any Indebtedness in excess of $50,000, or the occurrence of any default under any agreement or obligation of Borrower that could reasonably be expected to have a Material Adverse Effect.

## SECTION 9. REMEDIES

9.1 General. Upon and during the continuance of any one or more Events of Default, (i) Lender may, at its option, accelerate and demand payment of all or any part of the Secured Obligations together with a Prepayment Charge and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Section 9.6, the Notes and all of the Secured Obligations shall automatically be accelerated and made due and payable, in each case without any further notice or act), and (ii) Lender may notify any of Borrower's account debtors to make payment directly to Lender, compromise the amount of any such account on Borrower's behalf and endorse Lender's name without recourse on any such payment for deposit directly to Lender's account. Lender may exercise all rights and remedies with respect to the Collateral under the Loan Documents or otherwise available to it under the UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Lender's rights and remedies shall be cumulative and not exclusive.

9.2 Collection; Foreclosure. Upon the occurrence and during the continuance of any Event of Default, Lender may, at any time or from time to time, apply, collect, liquidate, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Lender may elect. Any such sale may be made either at public or private sale at its place of business or elsewhere. Borrower agrees that any such public or private sale may occur upon ten (10) calendar days' prior written notice to Borrower. Lender may require Borrower to assemble the Collateral and make it available to Lender at a place designated by Lender that is reasonably convenient to Lender and Borrower. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Lender in the following order of priorities:

First, to Lender in an amount sufficient to pay in full Lender's costs and professionals' and advisors' fees and expenses as described in Section 11.11;

Second, to Lender in an amount equal to the then unpaid amount of the Secured Obligations (including principal, interest, and the Default Rate interest), in such order and priority as Lender may choose in its sole discretion; and

Finally, after the full, final, and indefeasible payment in Cash of all of the Secured Obligations, to any creditor holding a junior Lien on the Collateral, or to Borrower or its representatives or as a court of competent jurisdiction may direct.

Lender shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it complies with the obligations of a secured party under the UCC.

9.3 No Waiver. Lender shall be under no obligation to marshal any of the Collateral for the benefit of Borrower or any other Person, and Borrower expressly waives all rights, if any, to require Lender to marshal any Collateral.

9.4 Cumulative Remedies. The rights, powers and remedies of Lender hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of Lender.

## SECTION 10. MISCELLANEOUS

10.1 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

10.2 Notice. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication (including the delivery of Financial Statements) that is required, contemplated, or permitted under the Loan Documents or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the day of transmission by facsimile or hand delivery or delivery by an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States mails, with proper first class postage prepaid, in each case addressed to the party to be notified as follows:

(a) If to Lender:

HERCULES TECHNOLOGY II, L.P.
Legal Department
Attention: Chief Legal Officer and Chad Norman
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301
Facsimile: 650-473-9194
Telephone: 650-289-3060

(b) If to Borrower:

Neoprobe Corporation
425 Metro Place North
Dublin, OH 43017
Attn: Mark Pykett, Chief Executive Officer
Facsimile: 614-793-7522
Telephone: 614-822-2322

or to such other address as each party may designate for itself by like notice.

10.3 Entire Agreement; Amendments. This Agreement, the Notes, and the other Loan Documents constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof, and supersede and replace in their entirety any prior proposals, term sheets, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof or thereof (including Lender's revised proposal letter dated November 1, 2011). None of the terms of this Agreement, the Notes or any of the other Loan Documents may be amended except by an instrument executed by each of the parties hereto.

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

10.5 No Waiver. The powers conferred upon Lender by this Agreement are solely to protect its rights hereunder and under the other Loan Documents and its interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. No omission or delay by Lender at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by Borrower at any time designated, shall be a waiver of any such right or remedy to which Lender is entitled, nor shall it in any way affect the right of Lender to enforce such provisions thereafter.

10.6 Survival. All agreements, representations and warranties contained in this Agreement, the Notes and the other Loan Documents or in any document delivered pursuant hereto or thereto shall be for the benefit of Lender and shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

10.7 Successors and Assigns. The provisions of this Agreement and the other Loan Documents shall inure to the benefit of and be binding on Borrower and its permitted assigns (if any). Borrower shall not assign its obligations under this Agreement, the Notes or any of the other Loan Documents without Lender's express prior written consent, and any such attempted assignment shall be void and of no effect. Lender may assign, transfer, or endorse its rights hereunder and under the other Loan Documents without prior notice to Borrower, and all of such rights shall inure to the benefit of Lender's successors and assigns.

10.8 Governing Law. The Loan Documents have been negotiated and delivered to Lender in the State of California, and shall have been accepted by Lender in the State of California. The Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

10.9 Consent to Jurisdiction and Venue. All judicial proceedings (to the extent that the reference requirement of Section 11.10 is not applicable) arising in or under or related to the Loan Documents may be brought in any state or federal court located in the State of California. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to nonexclusive personal jurisdiction in Santa Clara County, State of California; (b) waives any objection as to jurisdiction or venue in Santa Clara County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with the Loan Documents. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 10.2, and shall be deemed effective and received as set forth in Section 10.2. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

10.10 Mutual Waiver of Jury Trial / Judicial Reference.

(a) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF BORROWER AND LENDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY BORROWER AGAINST LENDER OR ITS ASSIGNEE OR BY LENDER OR ITS ASSIGNEE AGAINST BORROWER. This waiver extends to all such Claims, including Claims that involve Persons other than Borrower and Lender; Claims that arise out of or are in any way connected to the relationship between Borrower and Lender; and any Claims for damages, breach of contract, tort, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement, any other Loan Document.

(b) If the waiver of jury trial set forth in Section 10.10(a) is ineffective or unenforceable, the parties agree that all Claims shall be resolved by reference to a private judge sitting without a jury, pursuant to Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Santa Clara County, California. Such proceeding shall be conducted in Santa Clara County, California, with California rules of evidence and discovery applicable to such proceeding.

(c) In the event Claims are to be resolved by judicial reference, either party may seek from a court identified in Section 10.9, any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by judicial reference.

10.11 Professional Fees. Borrower promises to pay Lender's fees and expenses necessary to finalize the loan documentation, including but not limited to reasonable attorneys fees, UCC searches, filing costs, and other miscellaneous expenses,. In addition, Borrower promises to pay any and all reasonable attorneys' and other professionals' fees and expenses incurred by Lender after the Closing Date in connection with or related to: (a) the administration, collection, or enforcement of the Loan; (b) the amendment or modification of the Loan Documents; (c) any waiver, consent, release, or termination under the Loan Documents; (d) the protection, preservation, sale, lease, liquidation, or disposition of Collateral or the exercise of remedies with respect to the Collateral; (g) any legal, litigation, administrative, arbitration, or out of court proceeding in connection with or related to Borrower or the Collateral, and any appeal or review thereof; and (g) any bankruptcy, restructuring, reorganization, assignment for the benefit of creditors, workout, foreclosure, or other action related to Borrower, the Collateral, the Loan Documents, including representing Lender in any adversary proceeding or contested matter commenced or continued by or on behalf of Borrower's estate, and any appeal or review thereof.

10.12 Confidentiality. Lender acknowledges that certain items of Collateral and information provided to Lender by Borrower are confidential and proprietary information of Borrower, if and to the extent such information either (x) is marked as confidential by Borrower at the time of disclosure, or (y) should reasonably be understood to be confidential (the "Confidential Information"). Accordingly, Lender agrees that any Confidential Information it may obtain in the course of acquiring, administering, or perfecting Lender's security interest in the Collateral shall not be disclosed to any other person or entity in any manner whatsoever, in whole or in part, without the prior written consent of Borrower, except that Lender may disclose any such information: (a) to its own directors, officers, employees, accountants, counsel and other professional advisors and to its affiliates if Lender in its sole discretion determines that any such party should have access to such information in connection with such party's responsibilities in connection with the Loan or this Agreement and, provided that such recipient of such Confidential Information either (i) agrees to be bound by the confidentiality provisions of this paragraph or (ii) is otherwise subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (b) if such information is generally available to the public; (c) if required or appropriate in any report, statement or testimony submitted to any governmental authority having or claiming to have jurisdiction over Lender; (d) if required or appropriate in response to any summons or subpoena or in connection with any litigation, to the extent permitted or deemed advisable by Lender's counsel; (e) to comply with any legal requirement or law applicable to Lender; (f) to the extent reasonably necessary in connection with the exercise of any right or remedy under any Loan Document, including Lender's sale, lease, or other disposition of Collateral after default; (g) to any participant or assignee of Lender or any prospective participant or assignee; provided, that such participant or assignee or prospective participant or assignee agrees in writing to be bound by this Section prior to disclosure; or (h) otherwise with the prior consent of Borrower; provided, that any disclosure made in violation of this Agreement shall not affect the obligations of Borrower or any of its affiliates or any guarantor under this Agreement or the other Loan Documents.

10.13 Assignment of Rights. Borrower acknowledges and understands that Lender may sell and assign all or part of its interest hereunder and under the Note and Loan Documents to any person or entity (an "Assignee"). After such assignment the term "Lender" as used in the Loan Documents shall mean and include such Assignee, and such Assignee shall be vested with all rights, powers, obligations and remedies of Lender hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Lender shall retain all rights, powers, obligations and remedies hereby given. No such assignment by Lender shall relieve Borrower of any of its obligations hereunder. Lender agrees that in the event of any transfer by it of the Note, it will endorse thereon a notation as to the portion of the principal of the Note, which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

10.14 Revival of Secured Obligations. This Agreement and the Loan Documents shall remain in full force and effect and continue to be effective if any petition is filed by or against Borrower for liquidation or reorganization, if Borrower becomes insolvent or makes an assignment for the benefit of creditors, if a receiver or trustee is appointed for all or any significant part of Borrower's assets, or if any payment or transfer of Collateral is recovered from Lender. The Loan Documents and the Secured Obligations and Collateral security shall continue to be effective, or shall be revived or reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any transfer of Collateral to Lender, or any part thereof is rescinded, avoided or avoidable, reduced in amount, or must otherwise be restored or returned by, or is recovered from, Lender or by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment, performance, or transfer of Collateral had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, avoided, avoidable, restored, returned, or recovered, the Loan Documents and the Secured Obligations shall be deemed, without any further action or documentation, to have been revived and reinstated except to the extent of the full, final, and indefeasible payment to Lender in Cash.

10.15 Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

10.16 No Third Party Beneficiaries. No provisions of the Loan Documents are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any person other than Lender and Borrower unless specifically provided otherwise herein, and, except as otherwise so provided, all provisions of the Loan Documents will be personal and solely between Lender and Borrower.

10.17 Publicity. Lender may use Borrower's name and logo, and include a brief description of the relationship between Borrower and Lender, in Lender's marketing materials.

(SIGNATURES TO FOLLOW)

IN WITNESS WHEREOF, Borrower and Lender have duly executed and delivered this Loan and Security Agreement as of the day and year first above written.

BORROWER:

NEOPROBE CORPORATION

Signature: /s/ Brent L. Larson

Print Name: Brent L. Larson

Title: Sr. VP and CFO

Accepted in Palo Alto, California:

LENDER:

HERCULES TECHNOLOGY II, L.P.,
a Delaware limited partnership

By: Hercules Technology SBIC Management, LLC, its General Partner

By: Hercules Technology Growth Capital, Inc., its Manager

By: /s/ K. Nicholas Martitsch
Name: K. Nicholas Martitsch
Its: Associate General Counsel

Table of Exhibits and Schedules

**ADDENDUM 1 to LOAN AND SECURITY AGREEMENT**

( a ) *Borrower's Business*. For purposes of this Addendum 1, Borrower shall be deemed to include its "affiliates" as defined in Title 13 Code of Federal Regulations Section 121.103. Borrower represents and warrants to Lender as of the Closing Date and covenants to Lender for a period of one year after the Closing Date with respect to subsections 2, 3, 4, 5, 6 and 7 below, as follows:

1. Size Status. Borrower does not have in excess of 500 employees as of the Closing Date;

2. No Relender. Borrower's primary business activity does not involve, directly or indirectly, providing funds to others, purchasing debt obligations, factoring, or long-term leasing of equipment with no provision for maintenance or repair;

3. No Passive Business. Borrower is engaged in a regular and continuous business operation (excluding the mere receipt of payments such as dividends, rents, lease payments, or royalties). Borrower's employees are carrying on the majority of day to day operations. Borrower will not pass through substantially all of the proceeds of the Loan to another entity;

4. No Real Estate Business. Borrower is not classified under Major Group 65 (Real Estate) or Industry No. 1531 (Operative Builders) of the SIC Manual. The proceeds of the Loan will not be used to acquire or refinance real property unless Borrower (x) is acquiring an existing property and will use at least 51 percent of the usable square footage for its business purposes; (y) is building or renovating a building and will use at least 67 percent of the usable square footage for its business purposes; or (z) occupies the subject property and uses at least 67 percent of the usable square footage for its business purposes.

5. No Project Finance. Borrower's assets are not intended to be reduced or consumed, generally without replacement, as the life of its business progresses, and the nature of Borrower's business does not require that a stream of cash payments be made to the business's financing sources, on a basis associated with the continuing sale of assets (e.g., real estate development projects and oil and gas wells). The primary purpose of the Loan is not to fund production of a single item or defined limited number of items, generally over a defined production period, where such production will constitute the majority of the activities of Borrower (e.g., motion pictures and electric generating plants).

6. No Farm Land Purchases. Borrower will not use the proceeds of the Loan to acquire farm land which is or is intended to be used for agricultural or forestry purposes, such as the production of food, fiber, or wood, or is so taxed or zoned.

7. No Foreign Investment. The proceeds of the Loan will not be used substantially for a foreign operation. At the time of the Loan, Borrower will not have more than 49 percent of its employees or tangible assets located outside the United States. The representation in this subsection (7) is made only as of the date hereof and shall not continue for one year as contemplated in the first sentence of this Section 1.

( b ) *Small Business Administration Documentation*. Lender acknowledges that Borrower completed, executed and delivered to Lender SBA Forms 480, 652 and 1031 (Parts A and B) together with a business plan showing Borrower's financial projections (including balance sheets and income and cash flows statements) for the period described therein and a written statement (whether included in the purchase agreement or pursuant to a separate statement) from Lender regarding its intended use of proceeds from the sale of securities to Lender (the "Use of Proceeds Statement"). Borrower represents and warrants to Lender that the information regarding Borrower and its affiliates set forth in the SBA Form 480, Form 652 and Form 1031 and the Use of Proceeds Statement delivered as of the Closing Date is accurate and complete.

( c ) *Inspection*. The following covenants contained in this Section (c) are intended to supplement and not to restrict the related provisions of the Loan Documents. Subject to the preceding sentence, Borrower will permit, for so long as Lender holds any debt or equity securities of Borrower, Lender or its representative, at Lender' expense, and examiners of the SBA to visit and inspect the properties and assets of Borrower, to examine its books of account and records, and to discuss Borrower's affairs, finances and accounts with Borrower's officers, senior management and accountants, all at such reasonable times as may be requested by Lender or the SBA.

( d ) *Annual Assessment*. Promptly after the end of each calendar year (but in any event prior to February 28 of each year) and at such other times as may be reasonably requested by Lender, Borrower will deliver to Lender a written assessment of the economic impact of Lender' investment in Borrower, specifying the full-time equivalent jobs created or retained in connection with the investment, the impact of the investment on the businesses of Borrower in terms of expanded revenue and taxes, other economic benefits resulting from the investment (such as technology development or commercialization, minority business development, or expansion of exports) and such other information as may be required regarding Borrower in connection with the filing of Lender's SBA Form 468. Lender will assist Borrower with preparing such assessment. In addition to any other rights granted hereunder, Borrower will grant Lender and the SBA access to Borrower's books and records for the purpose of verifying the use of such proceeds. Borrower also will furnish or cause to be furnished to Lender such other information regarding the business, affairs and condition of Borrower as Lender may from time to time reasonably request.

( e ) *Use of Proceeds.* Borrower will use the proceeds from the Loan only for purposes set forth in Section 7.16. Borrower will deliver to Lender from time to time promptly following Lender's request, a written report, certified as correct by Borrower's Chief Financial Officer, verifying the purposes and amounts for which proceeds from the Loan have been disbursed. Borrower will supply to Lender such additional information and documents as Lender reasonably requests with respect to its use of proceeds and will permit Lender and the SBA to have access to any and all Borrower records and information and personnel as Lender deems necessary to verify how such proceeds have been or are being used, and to assure that the proceeds have been used for the purposes specified in Section 7.16.

( f ) *Activities and Proceeds*. Neither Borrower nor any of its affiliates (if any) will engage in any activities or use directly or indirectly the proceeds from the Loan for any purpose for which a small business investment company is prohibited from providing funds by the SBIC Act, including 13 C.F.R. §107.720. Without obtaining the prior written approval of Lender, Borrower will not change within 1 year of the date hereof, Borrower's current business activity to a business activity which a licensee under the SBIC Act is prohibited from providing funds by the SBIC Act.

(g) *Redemption Provisions.* Notwithstanding any provision to the contrary contained in the Certificate of Incorporation of Borrower, as amended from time to time (the "Charter"), if, pursuant to the redemption provisions contained in the Charter, Lender is entitled to a redemption of its Warrant, such redemption (in the case of Lender) will be at a price equal to the redemption price set forth in the Charter (the "Existing Redemption Price"). If, however, Lender delivers written notice to Borrower that the then current regulations promulgated under the SBIC Act prohibit payment of the Existing Redemption Price in the case of an SBIC (or, if applied, the Existing Redemption Price would cause the Series C Preferred Stock to lose its classification as an "equity security" and Lender has determined that such classification is unadvisable), the amount Lender will be entitled to receive shall be the greater of (i) fair market value of the securities being redeemed taking into account the rights and preferences of such securities plus any costs and expenses of the Lender incurred in making or maintaining the Warrant, and (ii) the Existing Redemption Price where the amount of accrued but unpaid dividends payable to the Lender is limited to Borrower's earnings plus any costs and expenses of the Lender incurred in making or maintaining the Warrant; provided, however, the amount calculated in subsections (i) or (ii) above shall not exceed the Existing Redemption Price.

( h ) *Cost of Money.* Notwithstanding any provision to the contrary contained in the Loan Documents, all interest and fees charged pursuant to the Loan Documents shall comply with the provisions of 13 C.F.R. § 107.855, including, without limitation, that such amounts shall not exceed the Cost of Money ceiling (as defined hereafter). The current Cost of Money ceiling for this Loan is fourteen percent.

( i ) *Compliance and Resolution.* Borrower agrees that a failure to comply with Borrower's obligations under this Addendum, or any other set of facts or circumstances where it has been asserted by any governmental regulatory agency (or Lender believes that there is a substantial risk of such assertion) that Lender and its affiliates are not entitled to hold, or exercise any significant right with respect to, any securities issued to Lender by Borrower, will constitute a breach of the obligations of Borrower under the financing agreements between Borrower and Lender. In the event of (i) a failure to comply with Borrower's obligations under this Addendum; or (ii) an assertion by any governmental regulatory agency (or Lender believes that there is a substantial risk of such assertion) of a failure to comply with Borrower's obligations under this Addendum, then (i) Lender and Borrower will meet and resolve any such issue in good faith to the satisfaction of Borrower, Lender, and any governmental regulatory agency, and (ii) upon request of Lender, Borrower will cooperate and assist with any assignment of the financing agreements from Hercules Technology II, L.P. to Hercules Technology Growth Capital, Inc.

EXHIBIT A

**ADVANCE REQUEST**

To: Date: December 29, 2011

Hercules Technology II, L.P.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301
Facsimile: 650-473-9194
Attn: Chad Norman

Neoprobe Corporation ("Borrower") hereby requests from Hercules Technology II, L.P. ("Lender") an Advance in the amount of Seven Million Dollars ($7,000,000) on December 29, 2011 (the "Advance Date") pursuant to the Loan and Security Agreement between Borrower and Lender (the "Agreement"). Capitalized words and other terms used but not otherwise defined herein are used with the same meanings as defined in the Agreement.

Please:

(a) Issue a check payable to Borrower _____

or

(b) Wire Funds to Borrower's account _____

Bank:
Address:

ABA Number:
Account Number:
Account Name:

Borrower represents that the conditions precedent to the Advance set forth in the Agreement are satisfied and shall be satisfied upon the making of such Advance, including but not limited to: (i) that no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing; (ii) that the representations and warranties set forth in the Agreement and in the Warrant are and shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; (iii) that Borrower is in compliance with all the terms and provisions set forth in each Loan Document on its part to be observed or performed; and (iv) that as of the Advance Date, no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default under the Loan Documents. Borrower understands and acknowledges that Lender has the right to review the financial information supporting this representation and, based upon such review in its sole discretion, Lender may decline to fund the requested Advance.

Borrower hereby represents that Borrower's corporate status and locations have not changed since the date of the Agreement or, if the Attachment to this Advance Request is completed, are as set forth in the Attachment to this Advance Request.

Borrower shall notify Lender promptly before the funding of the Loan if any of the matters that have been represented above shall not be true and correct on the Borrowing Date and if Lender has received no such notice before the Advance Date then the statements set forth above shall be deemed to have been made and shall be deemed to be true and correct as of the Advance Date.

Executed as of December 29, 2011.

NEOPROBE CORPORATION

By: _____

TITLE: Senior Vice President and CFO

PRINT NAME: Brent L. Larson

**ATTACHMENT TO ADVANCE REQUEST**

Dated: December 29, 2011

Borrower hereby represents and warrants to Lender that Borrower's current name and organizational status is as follows:

| | |
|---|---|
| Name: | Neoprobe Corporation |
| Type of organization: | Corporation |
| State of organization: | Delaware |
| Organization file number: | 2159135 |

Borrower hereby represents and warrants to Lender that the street addresses, cities, states and postal codes of its current locations are as follows:

Neoprobe Corporation

425 Metro Place North, Suite 300

Dublin, OH 43215

**EXHIBIT B**

**SECURED TERM PROMISSORY NOTE**

$7,000,000 Advance Date: December 29, 2011

Maturity Date: December 1, 2014 (subject to extension in accordance with terms of the Loan Agreement)

FOR VALUE RECEIVED, Neoprobe Corporation, a Delaware corporation (the "Borrower") promises to pay to the order of Hercules Technology II, L.P., a Delaware limited partnership or the holder of this Note (the "Lender") at 400 Hamilton Avenue, Suite 310, Palo Alto, CA 94301 or such other place of payment as the holder of this Secured Term Promissory Note (this "Promissory Note") may specify from time to time in writing, in lawful money of the United States of America, the principal amount of Seven Million Dollars ($7,000,000) or such other principal amount as Lender has advanced to Borrower, together with interest at a floating rate of interest equal to the greater of either (i) the United States Prime Rate as reported in The Wall Street Journal plus 6.75%, and (ii) 10.0% based upon a year consisting of 360 days, with interest computed daily based on the actual number of days in each month.

This Promissory Note is the Note referred to in, and is executed and delivered in connection with, that certain Loan and Security Agreement dated December 29, 2011, by and between Borrower and Lender (as the same may from time to time be amended, modified or supplemented in accordance with its terms, the "Loan Agreement"), and is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. All payments shall be made in accordance with the Loan Agreement, including the right of Borrower to pay a portion of the amounts due and owing under this Promissory Note in shares of Common Stock in accordance with, and subject to the limitations set forth in, Section 2.1(f) of the Loan Agreement (including the requirement that any shares of Common Stock issuable by Borrower upon conversion of this Note are subject to an effective resale registration statement or are eligible for resale to the public pursuant to Rule 144 without any limitation). All terms defined in the Loan Agreement shall have the same definitions when used herein, unless otherwise defined herein. An Event of Default under the Loan Agreement shall constitute a default under this Promissory Note.

Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest under the UCC or any applicable law. Borrower agrees to make all payments under this Promissory Note without setoff, recoupment or deduction and regardless of any counterclaim or defense. This Promissory Note has been negotiated and delivered to Lender and is payable in the State of California. This Promissory Note shall be governed by and construed and enforced in accordance with, the laws of the State of California, excluding any conflicts of law rules or principles that would cause the application of the laws of any other jurisdiction.

NEOPROBE CORPORATION

By: _____

Title: _____

EXHIBIT C

**NAME, LOCATIONS, AND OTHER INFORMATION FOR BORROWER**

1. Borrower represents and warrants to Lender that Borrower's current name and organizational status as of the Closing Date is as follows:

| | |
|---|---|
| Name: | Neoprobe Corporation |
| Type of organization: | Corporation |
| State of organization: | Delaware |
| Organization file number: | 2159135 |

2. Borrower represents and warrants to Lender that for five (5) years prior to the Closing Date, Borrower did not do business under any other name or organization or form except the following:

Name: Neoprobe Corporation
Used during dates of: 11/16/83 to present
Type of Organization: C corporation
State of organization: Orig. OH; Reincorp. in DE 4/28/88
Organization file Number: 2159135 (DE)
Borrower's fiscal year ends on 12/31
Borrower's federal employer tax identification number is: 31-1080091

3. Borrower represents and warrants to Lender that its chief executive office is located at 425 Metro Place North, Suite, 300, Dublin, OH 43017.

**EXHIBIT D**

**BORROWER'S PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES**

**EXHIBIT E**

**BORROWER'S DEPOSIT ACCOUNTS AND INVESTMENT ACCOUNTS**

**EXHIBIT F**

**COMPLIANCE CERTIFICATE**

Hercules Technology II, L.P.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301

Reference is made to that certain Loan and Security Agreement dated as of December 29, 2011 and all ancillary documents entered into in connection with such Loan and Security Agreement all as may be amended from time to time, (hereinafter referred to collectively as the "Loan Agreement") between Hercules Technology II, L.P. ("Hercules") as Lender and Neoprobe Corporation (the "Company") as Borrower. All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

The undersigned is an Officer of the Company, knowledgeable of all Company financial matters, and is authorized to provide certification of information regarding the Company; hereby certifies that in accordance with the terms and conditions of the Loan Agreement, the Company is in compliance for the period ending _____ of all covenants, conditions and terms and hereby reaffirms that all representations and warranties contained therein are true and correct on and as of the date of this Compliance Certificate with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, after giving effect in all cases to any standard(s) of materiality contained in the Loan Agreement as to such representations and warranties. Attached are the required documents supporting the above certification. The undersigned further certifies that these are prepared in accordance with GAAP (except for the absence of footnotes with respect to unaudited financial statement and subject to normal year end adjustments) and are consistent from one period to the next except as explained below.

| REPORTING REQUIREMENT | REQUIRED | CHECK IF ATTACHED |
|---|---|---|
| Interim Financial Statements | Monthly within 30 days | |
| Interim Financial Statements | Quarterly within 30 days | |
| Audited Financial Statements | FYE within 150 days | |

Very Truly Yours,

Neoprobe Corporation

By: _____

Name: _____

Its: _____

**EXHIBIT G**

**FORM OF JOINDER AGREEMENT**

This Joinder Agreement (the "Joinder Agreement") is made and dated as of [ ], 20[ ], and is entered into by and between_____., a _____ corporation ("Subsidiary"), and Hercules Technology II, L.P., a Delaware limited partnership, as a Lender.

**RECITALS**

A. Subsidiary's Affiliate, Neoprobe Corporation ("Company") [has entered/desires to enter] into that certain Loan and Security Agreement dated as of December __, 2011, with Lender, as such agreement may be amended (the "Loan Agreement"), together with the other agreements executed and delivered in connection therewith;

B. Subsidiary acknowledges and agrees that it will benefit both directly and indirectly from Company's execution of the Loan Agreement and the other agreements executed and delivered in connection therewith;

**AGREEMENT**

NOW THEREFORE, Subsidiary and Lender agree as follows:

1. The recitals set forth above are incorporated into and made part of this Joinder Agreement. Capitalized terms not defined herein shall have the meaning provided in the Loan Agreement.

2. By signing this Joinder Agreement, Subsidiary shall be bound by the terms and conditions of the Loan Agreement the same as if it were Borrower (as defined in the Loan Agreement) under the Loan Agreement, mutatis mutandis, provided however, that Lender shall have no duties, responsibilities or obligations to Subsidiary arising under or related to the Loan Agreement or the other agreements executed and delivered in connection therewith. Rather, to the extent that Lender has any duties, responsibilities or obligations arising under or related to the Loan Agreement or the other agreements executed and delivered in connection therewith, those duties, responsibilities or obligations shall flow only to Company and not to Subsidiary or any other person or entity. By way of example (and not an exclusive list): (a) Lender's providing notice to Company in accordance with the Loan Agreement or as otherwise agreed between Company and Lender shall be deemed provided to Subsidiary; (b) a Lender's providing an Advance to Company shall be deemed an Advance to Subsidiary; and (c) Subsidiary shall have no right to request an Advance or make any other demand on Lender.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO JOINDER AGREEMENT]

SUBSIDIARY:

_____.

By:
Name:
Title:

Address:

Telephone: _____
Facsimile: _____

HERCULES TECHNOLOGY II, L.P.,
a Delaware limited partnership

By: Hercules Technology SBIC Management, LLC,
its General Partner

By: Hercules Technology Growth Capital, Inc.,
its Manager

By: _____
Name: _____
Its: _____

Address:

400 Hamilton Ave., Suite 310
Palo Alto, CA 94301
Facsimile: 650-473-9194
Telephone: 650-289-3060

**EXHIBIT H**

**ACH DEBIT AUTHORIZATION AGREEMENT**

Hercules Technology II, L.P.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301

Re: Loan and Security Agreement dated as of December 29, 2011 between NEOPROBE CORPORATION ("Borrower") and Hercules Technology II, L.P. ("Company") (the "Agreement")

In connection with the above referenced Agreement, Borrower hereby authorizes the Company to initiate debit entries for the periodic payments due under the Agreement to Borrower's account indicated below. Borrower authorizes the depository institution named below to debit to such account.

| | |
|---|---|
| DEPOSITORY NAME | BRANCH |
| CITY | STATE AND ZIP CODE |
| TRANSIT/ABA NUMBER | ACCOUNT NUMBER |

This authority will remain in full force and effect so long as any amounts are due under the Agreement.

NEOPROBE CORPORATION

By: _____

Date: _____

**EXHIBIT I**

**REPAYMENT ELECTION NOTICE**

[INSERT DATE]

Hercules Technology II, L.P.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301

Reference is made to that certain Loan and Security Agreement dated December 29, 2011 and all ancillary documents entered into in connection with such Loan and Security Agreement all as may be amended from time to time, (hereinafter referred to collectively as the "Loan Agreement") between Hercules Technology II, L.P., each as a Lender, and Neoprobe Corporation (the "Company") as Borrower. All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

Borrower hereby irrevocably elects to make **[**the Principal Installment Payment in the amount of $_____ due on [_____](the "Delivery Date") in shares of Common Stock in accordance with Section 2.1(f) of the Loan Agreement**][**an Optional Prepayment in the amount of $_____ on [_____](the "Delivery Date") in shares of Common Stock in accordance with Section 2.1(f) of the Loan Agreement**]**.[1] The number of shares of Common Stock to be delivered to Lender, on or prior to the Delivery Date, is [_____], which amount was determined in accordance with Section 2.1(f) of the Loan Agreement. The stock certificates shall be delivered free and clear of any restrictive legends.

Borrower hereby represents, warrants and certifies to Lender that, as of the date hereof, all of the Conversion Conditions have been satisfied. Borrower acknowledges and agrees that its right to pay the **[**Principal Installment Payment**][**Optional Prepayment**]** in Common Stock in accordance with this Conversion Election Notice is subject to the satisfaction of all of the Conversion Conditions on the Delivery Date and, to the extent any of the Conversion Conditions are not satisfied on the Delivery Date, Borrower shall pay the **[**Principal Installment Payment**][**Optional Prepayment**]** in cash.

Sincerely,

NEOPROBE CORPORATION

By: _____

Name: _____

Its: _____

Exhibit 10.2

No. WGG11-001 333,333 Shares

**WARRANT TO PURCHASE COMMON STOCK**

**OF**

**NEOPROBE CORPORATION**

ISSUED ON DECEMBER 29, 2011

VOID AFTER 5:30 P.M., PACIFIC TIME, ON DECEMBER 29, 2016

THIS WARRANT AND ANY SHARES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, DONATED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM.

FOR VALUE RECEIVED, NEOPROBE CORPORATION, a Delaware corporation (the "**Company**"), hereby agrees to sell upon the terms and conditions hereinafter set forth, but no later than 5:30 p.m., Eastern Time, on the Expiration Date (as hereinafter defined) to Hercules Technology II, L.P. or its registered assigns (the "**Holder**"), under the terms as hereinafter set forth, $700,000 divided by the Exercise Price fully paid and non-assessable shares of the Company's Common Stock, par value $0.001 per share (the "**Warrant Shares**"), at a per share purchase price equal to the Exercise Price per share (the "**Warrant Price**"), pursuant to this warrant (this "**Warrant**"). The number of Warrant Shares to be so issued and the Warrant Price are subject to adjustment in certain events as hereinafter set forth. The term "**Common Stock**" shall mean, when used herein, unless the context otherwise requires, the stock and other securities and property at the time receivable upon the exercise of this Warrant.

1. Definitions

a. "**Act**" has the meaning set forth in the legend above.

b. "**Certificate of Incorporation**" means the Certificate of Incorporation of the Company, as such Certificate of Incorporation may be amended, restated or supplemented from time to time.

c. "**Common Stock**" has the meaning set forth in the preamble hereto.

d. **"Common Stock Equivalent"** has the meaning set forth in Section 6(d)(i0 hereof.

e. "**Company**" has the meaning set forth in the preamble hereto.

f. **"Exercise Price"** means the lesser of (i) $2.10 or (ii) the price determined under Section 6.d of this Warrant.

g. "**Expiration Date**" means December 29, 2016.

h. "**fair market value**" has the meaning set forth in Section 2(a) hereof.

i. "**Holder**" has the meaning set forth in the preamble hereto.

j. "**Loan Agreement**" has the meaning set forth in Section 12 hereof.

k. "**Net Issuance**" has the meaning set forth in Section 2(a) hereof.

l. "**Permitted Issuance**" has the meaning set forth in Section 6(d)(ii) hereof.

m. "**Transfer Notice**" has the meaning set forth in Section 3(b) hereof.

n. "**Warrant**" means this Warrant and any subsequent Warrant issued in accordance with the terms hereof.

o. "**Warrant Price** has the meaning set forth in the preamble hereto.

p. "**Warrant Shares**" means has the meaning set forth in the preamble hereto.

2. Exercise of Warrant.

a. The Holder or its assignee may exercise this Warrant according to its terms by completing the subscription form attached hereto and surrendering this Warrant to the Company at the address set forth in Section 13, accompanied by payment in full of the purchase price for the number of the Warrant Shares specified in the subscription form, or as otherwise provided in this Warrant, prior to 5:30 p.m., Eastern Time on the Expiration Date. Payment of the purchase price may be made (i) in cash or certified check or by bank draft in lawful money of the United States of America or (ii) in accordance with the net issuance formula below ("**Net Issuance**").

If the Holder elects the Net Issuance method of payment, then the Company shall issue to Holder upon exercise such number of shares of Common Stock determined in accordance with the following formula:

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

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

Y = the number of shares of Common Stock with respect to which the Holder is exercising its rights under this Warrant;

A = the fair market value of one (1) share of Common Stock on the date of exercise; and

B = the Warrant Price.

For purposes of the above calculation, "**fair market value**" shall mean:

(i) if the Common Stock is listed or traded on any United States securities exchange or quoted on any securities quotation service operated by NASDAQ (including the OTC Bulletin Board), the twenty day volume weighted average trading price as reported by Bloomberg L.P. for the twenty trading days ending on the second trading day prior to the date of exercise; or

(ii) if the Common Stock is not listed or traded on any United States stock exchange or quoted on any securities quotation service operated by NASDAQ, the fair market value determined in good faith by the Board of Directors of the Company and approved in good faith by the Holder. In the event that the Holder does not accept the valuation determined by the Board, then the Company and the Holder shall, in good faith, select an independent valuation firm mutually acceptable to each of them to conduct a valuation of the price of a Warrant Share. The Holder may elect, in its sole discretion, to receive the number of shares of Common Stock issuable to it upon exercise of this Warrant calculated using the fair market value as determined in good faith by the Board of Directors of the Company. Upon the determination of the independent valuation firm, the Holder will receive the number of shares of Common Stock issuable to it upon exercise of this Warrant calculated using the fair market value determined by such independent valuation firm. The determination of such independent valuation firm shall be conclusive, absent manifest error, as between the Company and the Holder for purposes herein. The Company and the Holder shall each pay one half of the costs and expenses associated with the engagement of the independent valuation firm. If at any time there will be more than one Holder, then any determination of the fair market value, made with respect to a Holder, shall apply to all the Holders, unless any party proves that a material change in the valuation of the Company has occurred since the valuation was determined.

b. This Warrant may be exercised in whole or in part so long as any exercise in part hereof would not involve the issuance of fractional shares of Warrant Shares. If exercised in part, the Company shall deliver to the Holder a new Warrant, identical in form, in the name of the Holder, evidencing the right to purchase the number of Warrant Shares as to which this Warrant has not been exercised, which new Warrant shall be signed by the Chairman, Chief Executive Officer or President and the Secretary or Assistant Secretary of the Company.

c. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. The Company shall pay cash in lieu of fractional shares with respect to the Warrants based upon the fair market value of such fractional shares of Common Stock (which, for purposes of this Section 2(c), shall be the closing price of such shares on the exchange or market on which the Common Stock is then traded) at the time of exercise of this Warrant.

3. Disposition of Warrant Shares and Warrant.

a. The Holder hereby acknowledges that (i) this Warrant and any Warrant Shares purchased pursuant hereto are, as of the date hereof, not registered: (A) under the Act on the ground that the issuance of this Warrant is exempt from registration under Section 4(2) of the Act as not involving any public offering or (B) under any applicable state securities law because the issuance of this Warrant does not involve any public offering and (ii) the Company's reliance on the Section 4(2) exemption of the Act and under applicable state securities laws is predicated in part on the representations hereby made to the Company by the Holder. The Holder represents and warrants that it is (i) an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), (ii) (A) familiar with the business and affairs of the Company and (B) knowledgeable and experienced in financial and business matters to the extent that such Holder is capable of evaluating the merits and risks of an investment in the Warrant and the Warrant Shares, and (iii) acquiring this Warrant and will acquire the Warrant Shares for investment for its own account, with no present intention of dividing his, her or its participation with others or reselling or otherwise distributing the same.

b. Subject to compliance with applicable federal and state securities laws and the immediately following sentence, and if such intended transferee is not an affiliate of the Holder and the intended transferee provides a duly executed written confirmation that the representations and warranties in Section 3(a) of this Warrant are true and correct as to such intended transferee, this Warrant and all rights hereunder are transferable, in whole or in part, without charge to the holder hereof (except for transfer taxes) upon surrender of this Warrant properly endorsed. The Holder hereby agrees that it will not sell or transfer all or any part of this Warrant and/or Warrant Shares unless and until it shall first have given notice to the Company describing such sale or transfer and, if requested by the Company in writing, furnished to the Company either (i) an opinion, reasonably satisfactory to counsel for the Company, of counsel (skilled in securities matters, selected by the Holder and reasonably satisfactory to the Company) to the effect that the proposed sale or transfer may be made without registration under the Act and without registration or qualification under any state law, or (ii) an interpretative letter from the Securities and Exchange Commission (the "SEC") to the effect that no enforcement action will be recommended if the proposed sale or transfer is made without registration under the Act. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that this Warrant, when endorsed in blank, shall be deemed negotiable subject to the transfer restrictions provided for herein, and that the holder hereof, when this Warrant shall have been so endorsed and its transfer recorded on the Company's books, shall be treated by the Company and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant and, notwithstanding any other provision of this Warrant to the contrary, shall be the Holder as referred to in this Warrant.

The proper transfer of this Warrant shall be recorded in the registry referred to in Section 8(c) upon receipt by the Company of a notice of transfer in the form attached hereto as Exhibit II (the "**Transfer Notice**"), at its principal offices and the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer. Until the Company receives such Transfer Notice, the Company may treat the registered owner hereof as the owner for all purposes.

c. If, at the time of issuance of the shares issuable upon exercise of this Warrant, no registration statement is in effect with respect to such shares under applicable provisions of the Act, the Company may at its election require that the Holder provide the Company with written reconfirmation of the Holder's investment intent and that any stock certificate delivered to the Holder of a surrendered Warrant shall bear legends reading substantially as follows:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THIS CERTIFICATE THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT."

In addition, so long as the foregoing legend may remain on any stock certificate delivered to the Holder, the Company may maintain appropriate "stop transfer" orders with respect to such certificates and the shares represented thereby on its books and records and with those to whom it may delegate registrar and transfer functions.

d. Reservation of Shares. The Company hereby agrees that at all times there shall be reserved for issuance upon the exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance upon exercise of this Warrant and shall at all times have a sufficient number of authorized shares so as to permit the issuance of the shares of Common Stock upon exercise of this Warrant. The Company further agrees that all Warrant Shares represented by this Warrant will be duly authorized and will, upon issuance and against payment of the exercise price, be validly issued, fully paid and non-assessable.

4. Exchange, Transfer or Assignment of Warrant. This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of different denominations, entitling the Holder or Holders thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. Upon surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be canceled.

5. Delivery of Stock Certificate Upon Exercise. Promptly after the exercise of this Warrant and payment of the Warrant Price (which payment shall be deemed to have occurred when the funds are immediately available to the Company), the Company will cause to be issued in the name of and delivered to the registered Holder hereof or its assigns, or such Holder's nominee or nominees, a certificate or certificates for the number of full shares of Common Stock of the Company to which such Holder shall be entitled upon exercise (and in the case of partial exercise, a Warrant of like tenor for the unexercised portion remaining subject to exercise prior to the Expiration Date set forth herein). For all corporate purposes, such certificate or certificates shall be deemed to have been issued and such Holder or Holder's designee to be named therein shall be deemed to have become a holder of record of such shares of Common Stock as of the date the duly executed exercise form pursuant to this Warrant, together with the full payment of the Warrant Price, is received by the Company as aforesaid. No fraction of a share or scrip certificate for such fraction shall be issued upon exercise of this Warrant; in lieu thereof, the Company will pay or cause to be paid to such Holder cash equal to a like fraction at the prevailing fair market price for such share as determined in good faith by the Company.

6. Adjustment of Warrant Price and Number of Warrant Shares. The number of Warrant Shares purchasable upon the exercise of this Warrant and the Warrant Price shall be subject to adjustment as follows:

a. Recapitalization, Reclassification and Succession. If any recapitalization of the Company or reclassification of its Common Stock or any merger or consolidation of the Company into or with a corporation or other business entity, or the sale or transfer of all or substantially all of the Company's assets or of any successor corporation's assets to any other corporation or business entity (any such corporation or other business entity being included within the meaning of the term "successor corporation") shall be effected, at any time while this Warrant remains outstanding and unexpired, then, as a condition of such recapitalization, reclassification, merger, consolidation, sale or transfer, lawful and adequate provision shall be made whereby the Holder of this Warrant thereafter shall have the right to receive upon the exercise hereof as provided in Section 1 and in lieu of the shares of Common Stock immediately theretofore issuable upon the exercise of this Warrant, such shares of capital stock, securities or other property as may be issued or payable with respect to or in exchange for a number of outstanding shares of Common Stock equal to the number of shares of Common Stock immediately theretofore issuable upon the exercise of this Warrant had such recapitalization, reclassification, merger, consolidation, sale or transfer not taken place, and in each such case, the terms of this Warrant shall be applicable to the shares of stock or other securities or property receivable upon the exercise of this Warrant after such consummation.

b. Subdivision or Combination of Shares. If the outstanding shares of Common Stock are subdivided into a greater number of shares of Common Stock, then the Warrant Price will be proportionately reduced at the opening of business on the day following the day when the subdivision becomes effective, and if the outstanding shares of the Common Stock are combined into a smaller number of shares of Common Stock, the Warrant Price will be proportionately increased at the opening of business on the day following the day when the combination becomes effective.

c. Stock Dividends and Distributions. If the Company at any time while this Warrant is outstanding and unexpired shall issue or pay the holders of its Common Stock, or take a record of the holders of its Common Stock for the purpose of entitling them to receive, a dividend payable in, or other distribution of, Common Stock, then the Warrant Price shall be proportionately reduced at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive the dividend or other distribution.

d. Anti-Dilution. If at any time during the 365-day period following the date of issuance of this Warrant, the Company shall issue any additional shares of Common Stock, or securities convertible into or exercisable for shares of Common Stock (a "Common Stock Equivalent"), other than as provided in the foregoing subsections (a) through (c) of this Section 6, at a price per share (or the conversion or exercise price in the case of a Common Stock Equivalent) less than the Warrant Price then in effect or without consideration, then the Warrant Price upon each such issuance shall be reduced to such lower price per share. The foregoing shall not apply to (i) the issuance of Common Stock or options to employees, directors or consultants of the Company or any subsidiary pursuant to a compensatory plan, agreement or arrangement approved by the Company's Board of Directors; (ii) the issuance of Common Stock as a dividend or distribution, or as payment of any amount due under the Loan Agreement; or (iii) the issuance of Common Stock to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors, (iv) the issuance of Common Stock pursuant to the acquisition of another corporation by the Company by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided, that such issuances are approved by the Board of Directors; (v) issuance of Common Stock in connection with sponsored research, collaboration, technology license, development, distribution, marketing or other similar agreements or strategic partnerships approved by the Board of Directors; or (vi) the issuance of Common Stock upon the exercise of conversion rights provided in the Company's outstanding shares of Series B and Series C Convertible Preferred Stock.

e. No Impairment. The Company will not, in any way whatsoever, including by amendment of the Certificate of Incorporation, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder, or impair the economic interest of the Holder, but will at all times in good faith assist in the carrying out of all of the provisions hereof and in the taking of all such actions and making of all such adjustments as may be necessary or appropriate in order to protect the rights and economic interests of the Holder against impairment.

7. Notice To Holders.

a. Notice of Record Date. In case:

(i) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant) for the purpose of entitling them to receive any dividend (other than a cash dividend payable out of earned surplus of the Company) or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities;

(ii) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation with or merger of the Company into another corporation, or any conveyance of all or substantially all of the assets of the Company to another corporation; or

(iii) of any voluntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company will mail or cause to be mailed to the Holder hereof a notice specifying, as the case may be, (A) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (B) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution or winding-up. Such notice shall be mailed at least 15 days prior to the record date therein specified; provided, however, failure to provide any such notice shall not affect the validity of such transaction.

b. Notice of Adjustment. Whenever any adjustment shall be made pursuant to Section 6 hereof, the Company shall promptly notify the Holder of this Warrant of the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and the Warrant Price and number of Warrant Shares purchasable upon exercise of this Warrant after giving effect to such adjustment.

c. Warrant Register. The Company shall maintain a registry showing the name and address of the registered holder of this Warrant. The Holder may change such address by giving written notice of the change to the Company.

8. Registration Rights. If the Company at any time within six (6) months following the date of issuance of this Warrant agrees to file a registration statement on Form S-3 under the Securities Act to register the sale of Common Stock held by another holder of Common Stock, the Company shall give to each Holder written notice thereof as soon as practicable prior to the filing of such registration statement and shall include in such registration and in any underwriting involved therein, all the Warrant Shares specified in a written request from the Holder made within fifteen (15) days after receipt of such written notice from the Company, but no Holder shall otherwise have the right to require the Company to register the Warrant Shares under the Securities Act or any state securities law. The fees and expenses of any registration of Warrant Shares shall be borne by the Company, except that the Company shall not be required to pay underwriters' fees, discounts or commissions relating to Warrant Shares or fees of legal counsel of any Holder. With a view to making available to the Holder the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the SEC that may at any time permit the Holder to sell the Warrant Shares to the public without registration, Borrower covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, until six (6) months after such date as all of the Warrant Shares may be sold without restriction by the Holder pursuant to Rule 144 or any other rule of similar effect; (ii) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Exchange Act of 1934; and (iii) furnish to the Holder upon request, as long as the Holder owns any Warrant Shares, such information as may be reasonably requested in order to avail the Holder of any rule or regulation of the SEC that permits the selling of any such Warrant Shares without registration.

9. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership and the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company and, in the case of mutilation, upon surrender and cancellation thereof, the Company will execute and deliver a new Warrant of like tenor dated the date hereof.

10. Warrant Holder not a Stockholder. The Holder of this Warrant, in its capacity as a warrant holder, shall not be entitled by reason of this Warrant to any rights whatsoever as a stockholder of the Company.

11. Information Rights. During the term of this Warrant and to the extent it remains the Holder of this Warrant, Hercules Technology II, L.P. shall be entitled to the information rights contained in that certain Loan and Security Agreement dated as of December 29, 2011 by and among the Company, as Borrower, and Hercules Technology II, L.P. as lender (the "**Loan Agreement**"), and Section 7.1 of the Loan Agreement is hereby incorporated into this Warrant by reference as though fully set forth herein, provided that once all Indebtedness (as defined in the Loan Agreement) owed by the Company to Hercules Technology II, L.P. has been repaid, such information rights shall terminate.

12. Notices. Any notice required or contemplated by this Warrant shall be deemed to have been duly given if transmitted by registered or certified mail, return receipt requested, or nationally recognized overnight delivery service, to the Company at its principal executive offices at 425 Metro Place North, Dublin, OH 43017 Attention: Chief Executive Officer, or to the Holder at the name and address set forth in the Warrant Register maintained by the Company.

13. Choice of Law. THIS WARRANT IS ISSUED UNDER AND SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

14. Jurisdiction and Venue. The Company and the Holder hereby agree that any dispute which may arise between them arising out of or in connection with this Warrant shall be adjudicated before a court located in Santa Clara County, California and they hereby submit to the exclusive jurisdiction of the federal and state courts of the State of California located in Santa Clara County with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Warrant or any acts or omissions relating to the sale of the securities hereunder, and consent to the service of process in the manner set forth in Section 13 of this Warrant.

15. JURY WAIVER; JUDICIAL REFERENCE. EACH OF THE COMPANY AND THE HOLDER WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM. . If this waiver of jury trial is ineffective or unenforceable, the parties agree that all claims shall be resolved by reference to a private judge sitting without a jury, pursuant to Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Santa Clara County, California. Such proceeding shall be conducted in Santa Clara County, California, with California rules of evidence and discovery applicable to such proceeding.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned has duly executed this Warrant as of this 29th day of December, 2011.

**NEOPROBE CORPORATION**

By: /s/ Brent L. Larson
Name: Brent L. Larson
Title: Senior Vice President and CFO

Signature Page to Warrant to Purchase Common Stock

**EXHIBIT I**

FORM OF EXERCISE

(to be executed by the registered holder hereof)

1. In lieu of exercising the attached Warrant for cash, certified check or bank draft, the undersigned hereby elects to effect the net issuance provision of Section 2 of this Warrant and receive _____ (leave blank if you choose Alternative No.2 below) shares of common stock, par value $0.001 per share ("Common Stock"), of Neoprobe Corporation issuable pursuant to the terms of the Warrant. (Initial here if the undersigned elects this alternative)

2. The undersigned hereby exercises the right to purchase _____ (leave blank if you choose Alternative No.1 above) shares of Common Stock of Neoprobe Corporation evidenced by the within this Warrant Certificate for an Warrant Price equal to [$_____] per share and herewith makes payment of the purchase price in full of $_____.

3. Kindly issue certificates for shares of Common Stock (and for the unexercised balance of the Warrants evidenced by the within Warrant Certificate, if any) in accordance with the instructions given below.

Dated: _____, 20__.

_____

Instructions for registration of stock:

_____
Name (Please Print)

Social Security or other identifying Number: _____

Address: _____
City/State and Zip Code

Instructions for registration of certificate representing
the unexercised balance of Warrants (if any)

Name (Please Print)

Social Security or other identifying Number: _____

Address: _____

City, State and Zip Code

**EXHIBIT II**

TRANSFER NOTICE

(To transfer or assign the foregoing Warrant execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby transferred and assigned to

_____

(Please Print)

whose address is _____

_____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

_____

Exhibit 99.1

**IMMEDIATE RELEASE** **January 4, 2012**

## NEOPROBE SECURES $10 MILLION IN DEBT FINANCING FROM HERCULES

Dublin, Ohio – January 4, 2012 – Neoprobe Corporation (NYSE Amex: NEOP) today announced that Hercules Technology II, L.P, a fund managed by Hercules Technology Growth Capital, Inc. (Nasdaq: HTGC), will provide up to a total of $10 million in debt financing to Neoprobe. Hercules is a leading specialty finance company providing technology and life sciences companies with debt and equity growth capital.

"The successful arrangement of this financing bolsters our cash position with limited potential dilution as we close in on a number of important near-term milestones," stated Brent Larson, Senior Vice President and CFO of Neoprobe. "We are pleased to have the support and confidence of a leading technology and life sciences investor like Hercules as we continue to execute on our business plan objectives. This funding further strengthens our already solid balance sheet and provides us with the flexibility to consider additional product acquisition and partnership opportunities."

"We appreciate the opportunity to contribute to Neoprobe's growth. The company has achieved many significant milestones in building a pipeline of precision radiopharmaceutical diagnostic candidates," said Chad Norman, Managing Director at Hercules. "Currently, the Company has three drug candidates in late-stage development – Lymphoseek®, a receptor-based lymphatic tissue targeting agent, RIGScan™, a tumor-specific targeting agent for the treatment of colorectal cancer and AZD4694, a Fluorine-18 labeled agent for use in the imaging and evaluation of patients with signs or symptoms of cognitive impairment such as Alzheimer's disease. We are confident that Neoprobe's strong management team will be able to seize on the considerable market opportunity for these promising product candidates."

The first funding of $7 million which closed on December 29, 2011 is in the form of a secured note which is repayable in installments over thirty months following an interest-only period of between six to twelve months. The note bears interest at a prime-based variable rate, currently at 10%. Up to $1.5 million of the principal of the note is convertible at the option of Neoprobe, and up to $1.5 million of principal is convertible at the option of Hercules, each at a conversion price of $2.77 per share. In addition, Neoprobe issued Hercules 333,333 warrants to purchase shares of Neoprobe common stock at an exercise price of $2.10 per share. A second funding of $3 million is available upon the receipt by Neoprobe of clearance to market Lymphoseek in the U.S.

**About Neoprobe**

Neoprobe Corporation (NYSE Amex: NEOP) is a biomedical company focused on the development and commercialization of precision diagnostics and radiopharmaceutical agents. Neoprobe is actively developing three radiopharmaceutical agent platforms – Lymphoseek®, AZD4694 and RIGScan™ – to help identify the presence and status of undetected disease and enable better diagnostic accuracy, clinical decision-making and ultimately patient care. Neoprobe's strategy is to deliver superior growth and shareholder return by bringing to market novel radiopharmaceutical agents and advancing the Company's pipeline through selective acquisitions, global partnering and commercialization efforts. For more information, please visit www.neoprobe.com. Effective tomorrow, January 5, 2012, Neoprobe Corporation's name will change to Navidea Biopharmaceuticals, Inc. and its trading symbol will change to NAVB.

**About Hercules Technology Growth Capital, Inc.**
Hercules Technology Growth Capital, Inc. is a NASDAQ traded specialty finance firm providing customized loans to public and private technology-related companies, including clean technology, life science and select lower middle market technology companies at all stages of development. Since its founding in 2003, Hercules has committed over $2.6 billion in flexible financing solutions to over 180 companies, enabling these companies to maximize their equity by leveraging these assets. Hercules' strength comes from its deep understanding of credit and the industries it serves, allowing it to partner with venture capital and private equity companies for a less dilutive source of growth capital helping companies to bridge through their critical stages of growth. Hercules offers a full suite of growth capital products at all levels of the capital structure, up to $40 million, lines of credit to term loans. The company is headquartered in Palo Alto, California and has additional offices in Massachusetts, Colorado and Virginia. Providing capital to publicly-traded or privately-held companies backed by leading venture capital and private equity firms involves a high degree of credit risk and may result in potential losses of capital. For more information, please visit www.htgc.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.*

**Contacts:**

*Neoprobe Corporation – Brent Larson, Sr. VP & CFO – (614) 822-2330*

Exhibit 99.2

Press Release

## Neoprobe Corporation Becomes Navidea Biopharmaceuticals

***— New name reflects biopharmaceutical company focus on precision diagnostics development and commercialization —***

***— New NYSE Amex Ticker Symbol: NAVB —***

DUBLIN, OH – January 5, 2012 — Neoprobe Corporation (NEOP) today announced that it has completed its corporate name change to Navidea Biopharmaceuticals, Inc. (NYSE Amex: NAVB). The Company will begin trading under the ticker symbol, NAVB, on the NYSE Amex at market open today. The CUSIP number for NAVB common stock has also been changed to 63937X103.

The Navidea name and logo represent the Company's dedication to "NAVigating IDEAs" that translate cutting edge innovation and precision diagnostics technology into novel products to advance patient care.

Navidea's website is expected to be launched in the coming days and may be found at www.navidea.com.

**About Navidea Biopharmaceuticals**
Navidea Biopharmaceuticals (NYSE Amex: NAVB) is a biopharmaceutical company focused on the development and commercialization of precision diagnostics and radiopharmaceutical agents. Navidea is actively developing three radiopharmaceutical agent platforms – Lymphoseek®, AZD4694 and RIGScan™ – to help identify the presence and status of disease and enable better diagnostic accuracy, clinical decision-making and ultimately patient care. Navidea's strategy is to deliver superior growth and shareholder return by bringing to market novel radiopharmaceutical agents and advancing the Company's pipeline through selective acquisitions, global partnering and commercialization efforts. For more information, please visit www.navidea.com.

**Contacts:**

*Navidea Biopharmaceuticals — Brent Larson, Sr. VP & CFO – (614) 822-2330*

425 Metro Place North
Dublin, OH 43017-1367

phone 614.793.7500
fax 614.793.7522
www.navidea.com