

DOBMEIER ERIC
Form 4
September 05, 2017

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DOBMEIER ERIC

2. Issuer Name and Ticker or Trading Symbol
SEATTLE GENETICS INC /WA [SGEN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
21823 30TH DRIVE SE
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
08/31/2017

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Chief Operating Officer

BOTHELL, WA 98021

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	08/31/2017		M	25,000 A \$ 15.46	142,424 ⁽¹⁾	D	
Common Stock	08/31/2017		S	25,000 D \$ 52.2357	117,424 ⁽¹⁾	D	
					⁽²⁾		

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
Non-Qualified Stock Option (right to buy)	\$ 15.46	08/31/2017		M	25,000	(3) 08/24/2021	Common Stock 25,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DOBMEIER ERIC 21823 30TH DRIVE SE BOTHHELL, WA 98021			Chief Operating Officer	

Signatures

/s/ Jean Liu 09/05/2017

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Amount of securities beneficially owned following reported transactions includes restricted stock units subject to vesting.

Reflects sales of ordinary shares executed in multiple transactions at prices ranging from \$52.00 to \$52.68. The price reported reflects the weighted average sale price. The Reporting Person hereby undertakes to provide upon request by the Securities and Exchange

(2) Commission staff, the Issuer or a security holder of the Issuer full information regarding the number of shares and prices at which the sales were effected.

(3) Shares vested at a rate of 25% on 8/24/12 and monthly thereafter until all the shares were fully vested on 8/24/15.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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1100 Wireless Probe, Straight

ELSG – Germany

10713

1100 Wireless Probe, Straight

ELSG – Germany

10714

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1017 Dector Probe, 14mm	ELSG – Germany	10715
1017 Dector Probe, 14mm	ELSG – Germany	10716
2200 Console	ELSG – Germany	10744
2200 Console	ELSG – Germany	10745
2200 Console	ELSG – Germany	10746
2200 Console	ELSG – Germany	10747
2200 Console	ELSG – Germany	10748
1017 Dectector Probe 14mm	ELSG – Germany	10749
1017 Dectector Probe 14mm	ELSG – Germany	10750
1017 Dectector Probe 14mm	ELSG – Germany	10751
2200 Console	ELSG – Germany	10760
1100 Bluetooth Probe, Straight	ELSG – Germany	10763
Upgrade Neo2000, Model 2100 with Line Filter	ELSG – Germany	10178
GDS Control Unit, NEO2300	ELSG – Germany	10779
14mm Wireless Probe, Straight	ELSG – Germany	10786
Control Unit, neo2200	ELSG – Germany	10788
Control Unit, neo2200	ELSG – Germany	10789
Control Unit, neo2200	ELSG – Germany	10795
14mm Wireless Probe, Angled	ELSG – Germany	10809
1017 Detector Probe, 14mm	ELSG – Germany	10840
Description	Location	Asset Tag
1017 Detector Probe, 14mm	ELSG – Germany	10841
1017 Detector Probe, 14mm	ELSG – Germany	10920
Detector Probe, 14mm, 1017	ELSG – Germany	10998
Detector Probe, 14mm, 1017	ELSG – Germany	10999
Detector Probe, 14mm, 1017	ELSG – Germany	11000

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Detector Probe, 14mm, 1017	ELSG – Germany	11001
Detector Probe, 14mm, 1017	ELSG – Germany	11002
Neo2000 Control Unit	Nortech – Milaca, MN	10042
Neo2000 Control Unit	Nortech – Milaca, MN	10043
Neo2000 Control Unit	Nortech – Milaca, MN	10129
Upgrade Control Unit, Model 2100	Nortech – Milaca, MN	10217
Upgrade Neo2000, Model 2100 with Line Filter	Nortech – Milaca, MN	10221
Upgrade Neo2000, Model 2100 with Line Filter	Nortech – Milaca, MN	10350
Model 2100 Control Unit	Nortech – Milaca, MN	10368
Model 2200 NPCU2	Nortech – Milaca, MN	10456
Control Unit, neo 2200	Nortech – Milaca, MN	10491
Control Unit, Model 2000	Nortech – Milaca, MN	10508
Control Unit, Model 2000	Nortech – Milaca, MN	10509
Control Unit, Model 2000	Nortech – Milaca, MN	10512
Control Unit, Model 2000	Nortech – Milaca, MN	10513
Control Unit, Model 2000	Nortech – Milaca, MN	10515
Control Unit, Model 2100	Nortech – Milaca, MN	10517
Control Unit, Model 2000	Nortech – Milaca, MN	10520
Control Unit, Model 2000	Nortech – Milaca, MN	10521
Control Unit, Model 2200	Nortech – Milaca, MN	10524
Neo2200 Control Unit	Nortech – Milaca, MN	10545
2200 Console	Nortech – Milaca, MN	10600
2200 Console	Nortech – Milaca, MN	10627
2200 Console	Nortech – Milaca, MN	10630
1101 Bluetooth Probe, Angled	Nortech – Milaca, MN	10636
1101 Bluetooth Probe, Angled	Nortech – Milaca, MN	10636

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2200 Console	Nortech – Milaca, MN	10650
2200 Console	Nortech – Milaca, MN	10651
2200 Console	Nortech – Milaca, MN	10652
1101 Bluetooth Probe, Angled	Nortech – Milaca, MN	10657
1101 Bluetooth Probe, Angled	Nortech – Milaca, MN	10658
1100 Bluetooth Probe, Straight	Nortech – Milaca, MN	10662
1101 Bluetooth Probe, Angled	Nortech – Milaca, MN	10664
1101 Bluetooth angled probe	Nortech – Milaca, MN	10675
1100 Bluetooth Probe, Straight	Nortech – Milaca, MN	10676
Description	Location	Asset Tag
1100 Bluetooth Probe, Straight	Nortech – Milaca, MN	10677
1101 Bluetooth Probe, Angled	Nortech – Milaca, MN	10693
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10694
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10697
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10730
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10733
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10734
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10735
1017 Dectector Probe 14mm	Nortech – Milaca, MN	10753
1017 Dectector Probe 14mm	Nortech – Milaca, MN	10755
1017 Dectector Probe 14mm	Nortech – Milaca, MN	10756
2200 Console	Nortech – Milaca, MN	10757
2200 Console	Nortech – Milaca, MN	10759
2200 Console	Nortech – Milaca, MN	10770
1101 Bluetooth Probe, Angled	Nortech – Milaca, MN	10771
14mm Wireless Probe, Angled	Nortech – Milaca, MN	10787

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Control Unit, neo2200	Nortech – Milaca, MN	10790
Control Unit, neo2200	Nortech – Milaca, MN	10791
Control Unit, neo2200	Nortech – Milaca, MN	10792
Control Unit, neo2200	Nortech – Milaca, MN	10793
Control Unit, neo2200	Nortech – Milaca, MN	10794
Control Unit, neo2200	Nortech – Milaca, MN	10796
Control Unit, neo2200	Nortech – Milaca, MN	10797
Control Unit, neo2200	Nortech – Milaca, MN	10798
Detector Probe, 14mm	Nortech – Milaca, MN	10799
14mm Wireless Probe, Straight	Nortech – Milaca, MN	10802
14mm Wireless Probe, Straight	Nortech – Milaca, MN	10807
14mm Wireless Probe, Angled	Nortech – Milaca, MN	10815
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10826
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10827
14mm Wireless Probe, Angled	Nortech – Milaca, MN	10835
14mm Wireless Probe, Angled	Nortech – Milaca, MN	10836
2300 High Energy Probe	Nortech – Milaca, MN	10860
2300 High Energy Probe	Nortech – Milaca, MN	10861
2300 GDS Control Unit	Nortech – Milaca, MN	10863
2300 GDS Control Unit	Nortech – Milaca, MN	10869
2300 GDS Control Unit	Nortech – Milaca, MN	10897
2300 GDS Control Unit	Nortech – Milaca, MN	10898
14mm Wireless Probe, Angled	Nortech – Milaca, MN	10901
14mm Wireless Probe, Angled	Nortech – Milaca, MN	10901
Description	Location	Asset Tag
14mm Wireless Probe, Straight	Nortech – Milaca, MN	10907

14mm Wireless Probe, Straight	Nortech – Milaca, MN	10908
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10918
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10919
14mm Wireless Probe, Straight	Nortech – Milaca, MN	10922
14mm Wireless Probe, Straight	Nortech – Milaca, MN	10924
14mm Wireless Probe, Straight	Nortech – Milaca, MN	10925
14mm Wireless Probe, Straight	Nortech – Milaca, MN	10926
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10931
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10932
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10935
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10936
GDS Control Unit, neo2300	Nortech – Milaca, MN	10940
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10951
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10952
Wireless Lap Probe	Nortech – Milaca, MN	10954
Wireless Lap Probe	Nortech – Milaca, MN	10954
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10957
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10958
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10959
1017 Detector Probe, 14mm	Nortech – Milaca, MN	10960
1101 Wireless Probe	Nortech – Milaca, MN	10963
1102 Wireless Lap Probe	Nortech – Milaca, MN	10964
2000 Console	Nortech – Milaca, MN	10965
1017 Probe	Nortech – Milaca, MN	10966
1100 Wireless Probe	Nortech – Milaca, MN	10967
2300 GDS Console	Nortech – Milaca, MN	10971

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1017 Detector Probe 14mm	Nortech – Milaca, MN	10972
1017 Detector Probe 14mm	Nortech – Milaca, MN	10972
1017 Detector Probe 14mm	Nortech – Milaca, MN	10972
1017 Detector Probe 14mm	Nortech – Milaca, MN	10972
1017 Detector Probe 14mm	Nortech – Milaca, MN	10972
1017 Detector Probe 14mm	Nortech – Milaca, MN	10972
1101 Wireless Probe	Nortech – Milaca, MN	10980
Detector Probe, 14mm, 1017	Nortech – Milaca, MN	10980
2300 GDS Control Unit	Nortech – Milaca, MN	10981
Detector Probe, 14mm, 1017	Nortech – Milaca, MN	10981
2300 GDS Control Unit	Nortech – Milaca, MN	10982
Detector Probe, 14mm, 1017	Nortech – Milaca, MN	10982
2300 GDS Control Unit	Nortech – Milaca, MN	10983
Description	Location	Asset Tag
Detector Probe, 14mm, 1017	Nortech – Milaca, MN	10983
14mm Wireless Probe, Angled	Nortech – Milaca, MN	10984
Detector Probe, 14mm, 1017	Nortech – Milaca, MN	10984
Control Unit, neo2200	Nortech – Milaca, MN	11005
GDS Control Unit, neo2300	Nortech – Milaca, MN	11006

Schedule 2.2(j)

Excluded Assets

Any rights in or to Seller's franchise to be a corporation and its charter, and its minute books and other corporate records relating to its corporate existence and capitalization.

Any rights of Seller in, to and under any Contract other than the Assumed Contracts.

*Asterisked material has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Schedule 2.3(b)

Assumed Contracts

[*]

Mutual Confidentiality and Nondisclosure Agreement, dated July 17, 2006, between Neoprobe Corporation and CIVCO Medical Instruments Co., Inc.

Confidentiality Agreement, dated April 28, 2009, among Neoprobe Corporation, Endicott Interconnect Technologies, Inc., and II-VI Incorporated

Mutual Confidentiality/Non-Disclosure Agreement, dated September 22, 2009, between Neoprobe Corporation and Endicott Interconnect Technologies, Inc.

Letter Agreement regarding storage of goods, dated March 7, 2001, between Neoprobe Corporation and eV Products – This agreement is a letter amendment to the Supply Agreement which has expired; however, eV continues to warehouse minor amounts of materials consistent with this agreement.

Supply Agreement, dated December 8, 1997, between Neoprobe Corporation and eV Products – This agreement has expired; however, Seller continues to purchase materials from eV's successor, Endicott Interconnect, which materials are manufactured using confidential information shared during the term of the agreement. Confidentiality provisions of the agreement continue beyond the termination of the agreement.

[*]

Amendment to Product Supply Agreement and Consent to Assignment, dated May 11, 2010, between Neoprobe Corporation and Nortech Systems Incorporated

Mutual Confidentiality/Non-Disclosure Agreement, dated April 30, 2008, between Neoprobe Corporation and Redlen Technologies Inc.

[*]

Mutual Confidentiality/Non-Disclosure Agreement, dated July 9, 2004, between Neoprobe Corporation and Technical Services for Electronics, Inc.

Repair and Maintenance Services Agreement, dated February 5, 2004, between Neoprobe Corporation and TriVirix International, Inc.

Product Supply Agreement, dated February 5, 2004, between Neoprobe Corporation and TriVirix International

[*]

*Asterisked material has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Materials Control Agreement, dated April 19, 2010, between Neoprobe Corporation and TriVirix International, Inc

[*]

[*]

Distribution Agreement, dated July 6, 2004, as amended March 8, 2006, November 25, 2008 and January 1, 2010, between Neoprobe Corporation and Century Medical, Inc. (“Century Medical”)

Memorandum of Compliance, dated February 7, 2005, between Neoprobe Corporation and Century Medical

Open Purchase Orders

[*]

Schedule 2.6(a)

Aggregate Consideration Adjustment: Accounting Principles

Schedule 2.6(a) - Calculation of Net Working Capital as of the Closing Date

Net Working Capital shall be calculated in accordance with the definition included in Article I and Section 2.6(a) of this Agreement, and as further detailed and clarified below.

Current Assets and Current Liabilities to be Included in Net Working Capital

Accounts Receivable

Accounts Receivable will be included in Closing Working Capital, calculated based upon the following accounting principles, policies and procedures:

- Accounts Receivable - Includes all trade receivables for products sold or services rendered in accordance with historical revenue recognition policies and shall be calculated consistent with the policy applied to the Balance Sheet.
- Bad Debt Reserve - The reserve will be estimated based on a review and assessment of specific accounts receivable, consistent with the policy applied to the Balance Sheet.

For the avoidance of doubt, accounts receivable will include amounts due from Nortech, which arise due to the sale of material used in the process of manufacturing Neoprobe products.

Inventory

Inventory will be included in Closing Working Capital, calculated based upon the following accounting principles, policies and procedures:

- Inventory - All components of inventory are valued at the lower of cost (first-in, first-out) or market. Inventory is adjusted to market value when the net realizable value is lower than the carrying cost of inventory. Market value is determined based on recent sales activity and margin achieved. Inventory shall be calculated consistent with the policy applied to the Balance Sheet.
- Inventory Reserve - The reserve will be calculated based on an estimate of excess and obsolete gamma detection device inventory and materials, consistent with the policy applied to the Balance Sheet.

Trade Accounts Payable

Trade Accounts Payable will be included in Closing Working Capital, calculated based upon the following accounting principles, policies and procedures: Includes all trade payables for products purchased, and shall be calculated consistent with the policy applied to the Balance Sheet.

Nortech Accrued Liabilities

Nortech Accrued Liabilities will be included in Closing Working Capital, calculated based upon the following accounting principles, policies and procedures: Includes amounts due to Nortech for goods received but not yet invoiced, and shall be calculated consistent with the policy applied to the Balance Sheet.

Accrued Warranty Reserve

Accrued warranty reserve will be included in Closing Working Capital, calculated based upon the following accounting principles, policies and procedures: Includes the accrued cost of providing product repair services associated with the standard product warranty, and shall be calculated consistent with the policy applied to the Balance Sheet.

Unearned ESPP Warranty Revenue, Current

Current Unearned ESPP warranty revenue will be included in Closing Working Capital, calculated based upon the following accounting principles, policies and procedures: Includes the deferred revenue associated with the sale of the extended warranty plans, and shall be calculated consistent with the policy applied to the Balance Sheet.

Schedule 2.8

Allocation of Aggregate Consideration

The Aggregate Consideration shall be allocated among the Purchased Assets and covenant not to compete in accordance with the following table. The allocation should be based on the fair market value as set forth in the Closing Balance Sheet, to the extent applicable, or as reasonably determined by Buyer in consultation with Seller.

Asset Class	Class Description
I	[cash and cash equivalents]
II	[actively traded personal property]
III	[mark to market assets]
IV	[stock in trade/inventory]
V	[All other assets]
VI	[Section 197 intangibles, covenant not to compete]
VII	[goodwill and going concern]

*Asterisked material has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Schedule 2.9

Royalty Payments

For purposes of this Schedule 2.9, “Net Revenue” means gross revenue derived from the sale, distribution, licensing or other disposition of the Products, and related warranties, offset by adjustments to reduce revenue for discounts, allowances, rebates and other gross to net reductions, and bad debt expense, as such net revenues are determined by Buyer in accordance with GAAP, applied in a manner consistent with Buyer’s accounting policies and procedures. Without limiting the generality of the foregoing, for purposes of calculating Net Revenues for any Performance Period, only payments received for inclusion in Buyer’s annual year-end audit shall be included within Net Revenues.

The Annual Royalty Amount payable by Buyer for any Performance Period shall be determined in accordance with the following:

Net Revenue for Performance Period (Brackets)	% of Net Revenue Payable as Annual Royalty Amount
Equal to or greater than \$21,000,000 but less than \$25,000,000	[*]
Equal to or greater than \$25,000,000 but less than \$30,000,000	[*]
Equal to or greater than \$30,000,000	[*]

Percentages of Net Revenues payable are not cumulative, and no Annual Royalty Amount shall be payable to Seller once the aggregate Royalty Amount has been paid. Net Revenues are calculated based on a single Performance Period and will not be aggregated with Net Revenues of any other Performance Period.

*Asterisked material has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Example 1:

[*]

*Asterisked material has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Schedule 6.10

Required Consents

[*]

Repair and Maintenance Services Agreement, dated February 5, 2004, between Neoprobe Corporation and TriVirix International, Inc.

Product Supply Agreement, dated February 5, 2004, between Neoprobe Corporation and TriVirix International

Amendment to Product Supply Agreement and Consent to Assignment, dated May 11, 2010, between Neoprobe Corporation and Nortech Systems Incorporated

Materials Control Agreement, dated April 19, 2010, between Neoprobe Corporation and TriVirix International, Inc.

[*]

[*]

*Asterisked material has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Schedule 8.4(a)

Seller Wire Instructions

[*]

May 23, 2011

The Board of Directors
Neoprobe Corporation
425 Metro Place North, Suite 300
Dublin, Ohio 43017-1367

Dear Members of the Board:

We understand that Neoprobe Corporation, a Delaware corporation ("Neoprobe"), is considering a transaction whereby Devicor Medical Products, Inc. ("Devicor"), a Delaware corporation and portfolio company of GTCR Golder Rauner, LLC ("GTCR"), will acquire Neoprobe's gamma detection device business (the "Business" and, such transaction, the "Transaction"). Pursuant to the terms of an Asset Purchase Agreement, draft dated May 23, 2011 (the "Agreement"), between Neoprobe and Devicor, Neoprobe will sell to Devicor all of the assets, properties and rights of Neoprobe primarily used in or held for use in, or necessary for, the Business (other than certain excluded assets), and Devicor will assume specified liabilities of Neoprobe relating to the Business, for aggregate consideration of \$30,000,000 (the "Consideration"), subject to adjustment as specified in the Agreement. The Agreement also provides for potential royalty payments of up to \$20,000,000 by Devicor to Neoprobe over the course of the six fiscal years ended December 31, 2012 through 2017 based on the Net Revenue (as defined in the Agreement) of the Business in accordance with a specified schedule (the "Royalty Payments"). The terms and conditions of the Transaction are more fully set forth in the Agreement.

You have requested our opinion as to the fairness, from a financial point of view, to Neoprobe of the Consideration to be received by Neoprobe in the Transaction.

UBS Securities LLC ("UBS") has acted as financial advisor to Neoprobe in connection with the Transaction and will receive a fee for its services, a portion of which is payable in connection with this opinion and a significant portion of which is contingent upon consummation of the Transaction. UBS and its affiliates in the past have provided services to Devicor and GTCR and certain of its portfolio companies or other affiliates unrelated to the proposed Transaction, for which UBS and its affiliates received compensation, including, during the past two years, having (i) acted as a financial advisor to Devicor in connection with a potential acquisition and (ii) provided financing to GTCR and certain of its portfolio companies or other affiliates in connection with certain acquisitions. In addition, an affiliate of UBS currently is a participant in credit facilities of certain portfolio companies of GTCR, for which such affiliate of UBS received and continues to receive fees and interest payments. In the ordinary course of business, UBS and its affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of Neoprobe and certain portfolio companies and other affiliates of GTCR and, accordingly, may at any time hold a long or short position in such securities. The issuance of this opinion was approved by an authorized committee of UBS.

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The Board of Directors
Neoprobe Corporation
May 23, 2011
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Our opinion does not address the relative merits of the Transaction as compared to other business strategies or transactions that might be available with respect to the Business or Neoprobe's underlying business decision to effect the Transaction. Our opinion does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to the Transaction. At your direction, we have not been asked to, nor do we, offer any opinion as to the terms, other than the Consideration to the extent expressly specified herein, of the Agreement or any related documents or the form of the Transaction. In addition, we express no opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any parties to the Transaction, or any class of such persons, relative to the Consideration. In rendering this opinion, we have assumed, with your consent, that (i) the final executed form of the Agreement will not differ in any material respect from the draft that we have reviewed, (ii) the parties to the Agreement will comply with all material terms of the Agreement, and (iii) the Transaction will be consummated in accordance with the terms of the Agreement without any adverse waiver or amendment of any material term or condition thereof. We also have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any material adverse effect on Neoprobe, the Business or the Transaction.

In arriving at our opinion, we have, among other things: (i) reviewed certain publicly available business and financial information of Neoprobe relating to the Business; (ii) reviewed certain internal financial information and other data relating to the Business and its financial prospects that were not publicly available, including certain financial forecasts and estimates prepared by the management of Neoprobe that you have directed us to utilize for purposes of our analysis; (iii) conducted discussions with members of the senior management of Neoprobe concerning the Business and its financial prospects; (iv) performed a discounted cash flow analysis of the Business in which we analyzed the future cash flows of the Business based on the financial forecasts and estimates referred to above; (v) reviewed the Agreement; and (vi) conducted such other financial studies, analyses and investigations, and considered such other information, as we deemed necessary or appropriate. At your request, we contacted third parties to solicit indications of interest in a possible transaction with Neoprobe in early 2010, and we also more recently have contacted selected third parties to solicit indications of interest in a possible transaction with respect to the Business and held discussions with a third party that contacted Neoprobe regarding such a transaction prior to the date hereof.

In connection with our review, with your consent, we have assumed and relied upon, without independent verification, the accuracy and completeness in all material respects of the information provided to or reviewed by us for the purpose of this opinion. In addition, with your consent, we have not made any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of the Business, nor have we been furnished with any such evaluation or appraisal. With respect to the financial forecasts and estimates referred to above, we have assumed, at your direction, that they have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Neoprobe as to the future financial performance of the Business. Consistent with such forecasts and estimates, the management of Neoprobe has advised us that it anticipates, and at your direction we have assumed for purposes of our opinion, that Neoprobe will not be entitled to any Royalty Payments pursuant to the Agreement following consummation of the Transaction. As you are aware, the financial and operating characteristics of the Business cause its financial results to have limited comparability, for valuation purposes, to those of companies and transactions that we have reviewed in the medical technology industry and, accordingly, we have relied primarily on a discounted cash flow analysis for purposes of our opinion. We also have relied, at your direction, without independent verification, upon the assessments of the management of Neoprobe as to the products and technology of the Business and the risks associated with such products and technology. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to us as of, the date

hereof.

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The Board of Directors
Neoprobe Corporation
May 23, 2011
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Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration to be received by Neoprobe in the Transaction is fair, from a financial point of view, to Neoprobe.

This opinion is provided for the benefit of the Board of Directors (in its capacity as such) in connection with, and for the purpose of, its evaluation of the Consideration in the Transaction.

Very truly yours,

/s/ UBS Securities LLC

UBS SECURITIES LLC

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NEOPROBE CORPORATION

SECOND THIRD AMENDED AND RESTATED 2002 STOCK INCENTIVE PLAN

1. Background, Purpose and Duration

1.1 **Effective Date.** The Plan is effective as of March 7, 2002, subject to ratification by an affirmative vote of the holders of a majority of the Shares which are present in person or by proxy and entitled to vote at the 2002 Annual Meeting of Stockholders. Section 4.1 of the Plan was amended effective March 15, 2005, subject to ratification by an affirmative vote of the holders of a majority of the Shares present in person or by proxy and entitled to vote at the 2005 Annual Meeting of Stockholders. The Company further amended Section 4.1 of the Plan effective February 29, 2008, which amendment is subject to ratification by an affirmative vote of the holders of a majority of the Shares which are present in person or by proxy and entitled to vote at the 2008 Annual Meeting of Stockholders. The Company further amended Sections 4.1 and 12.2 of the Plan effective December 20, 2010, which amendments are subject to ratification by an affirmative vote of the holders of a majority of the Shares which are present in person or by proxy and entitled to vote at the 2011 Annual Meeting of Stockholders.

1.2 **Purpose of the Plan.** The Plan is intended to further the growth and profitability of the Company by providing increased incentive to and encourage Share ownership on the part of (a) employees of the Company and its Affiliates, (b) consultants who provide significant services to the Company and its Affiliates, and (c) directors of the Company who are not employees of the Company. All management and key Employees, Consultants and Directors of the Company are eligible to receive Awards under the Plan.

2. Definitions

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

2.1 **“1934 Act”** means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the 1934 Act or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.2 **“Affiliate”** means any corporation or any other entity (including, but not limited to, partnerships, limited liability corporations and joint ventures) controlling, controlled by, or under common control with the Company.

2.3 **“Affiliated SAR”** means a SAR that is granted in connection with a related Option, and which automatically will be deemed to be exercised at the same time that the related Option is exercised. The deemed exercise of an Affiliated SAR shall not necessitate a reduction in the number of Shares subject to the related Option, except to the extent of the exercise of the related Option.

2.4 **“Award”** means, individually or collectively, a grant under the Plan of Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Performance Units, or Performance Shares.

2.5 **“Award Agreement”** means the written agreement setting forth the terms and provisions applicable to each Award granted under the Plan.

2.6 “Board” means the Board of Directors of the Company.

2.7 “Change of Control” will be deemed to have occurred if and when (a) an individual, partnership, corporation, trust or other entity (“Person”) acquires or combines with the Company, or 50 percent or more of the Company’s assets or earning power, in one or more transactions, and after such acquisition or combination, less than a majority of the outstanding voting shares of the Person surviving such transaction (or the ultimate parent of the surviving Person) are owned by the owners of the voting shares of the Company outstanding immediately prior to such acquisition or combination; or (b) during any period of two consecutive years during the term of this Plan, individuals who at the beginning of such period are members of the Board (“Original Board Members”) cease for any reason to constitute at least a majority of the Board, unless the election of each Board member who was not an Original Board Member has been approved in advance by Board members representing at least two-thirds of the Board members then in office who were Original Board Members or elected by them.

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- 2.8 “Code” means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.
- 2.9 “Committee” means the committee appointed by the Board (pursuant to Section 3.1) to administer the Plan.
- 2.10 “Company” means Neoprobe Corporation, a Delaware corporation, its Subsidiaries and any successors.
- 2.11 “Consultant” means any person who provides services to the Company or any Subsidiary (other than in connection with the offer or sale of securities of the Company or any Subsidiary in a capital raising transaction), who is neither an Employee nor a Director and who is a consultant or an adviser to the Company or any Subsidiary within the meaning of General Instruction A.1. to Form S-8 promulgated by the SEC under the Securities Act of 1933.
- 2.12 “Covered Officers” means those Participants who the Committee designates, for each Performance Period, in order to maintain qualified performance-based compensation within the meaning of Code Section 162(m).
- 2.13 “Director” means any individual who is a member of the Board.
- 2.14 “Disability” means a permanent and total disability within the meaning of Code section 22(e)(3), provided that in the case of Awards other than Incentive Stock Options, the Committee in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Committee from time to time.
- 2.15 “Employee” means any management or key employee of the Company or of an Affiliate, whether such employee is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.
- 2.16 “Exercise Price” means the price at which a Share may be purchased by a Participant pursuant to the exercise of an Option.
- 2.17 “Extraordinary Events” shall mean (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (d) accruals for reorganization and restructuring programs, (e) capital gains and losses, (f) special charges in connection with mergers and acquisitions, and (g) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management’s discussion and analysis of financial condition and results of operation appearing or incorporated by reference in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission for the applicable year.
- 2.18 “Fair Market Value” means (a) if the Shares are listed or admitted to trading on a national securities exchange or the Nasdaq National Market, the per Share closing price regular way on the principal national securities exchange or the Nasdaq National Market on which the Shares are listed or admitted to trading on the day prior to the Grant Date or, if no closing price can be determined for the such day, the most recent date for which such price can reasonably be ascertained, or (b) if the Shares are not listed or admitted to trading on a national securities exchange or the Nasdaq National Market, but are quoted on the over-the-counter Bulletin Board, the average of the high and low sales price per share reported on the over-the-counter Bulletin Board on the day prior to the Grant Date or, if no high and low price can be determined for such day, the most recent date for which such price can reasonably be ascertained, or (c) if the Shares are not listed or admitted to trading on a national securities exchange or the Nasdaq National Market, nor are quoted on the over-the-counter Bulletin Board, the mean between the representative bid and asked per Share prices

in the over-the-counter market at the closing of the day prior to the Grant Date, or the most recent such bid and asked prices then available, as reported by NASDAQ or if the Shares are not then quoted by NASDAQ as furnished by any market maker selected from time to time by the Committee for that purpose. In all other cases, the fair market value will be determined in accordance with procedures established in good faith by the Committee and with respect to Incentive Stock Options, shall conform to regulations issued by the Internal Revenue Service.

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- 2.19 “Fiscal Year” means the fiscal year of the Company.
- 2.20 “Freestanding SAR” means a SAR that is granted independently of any Option.
- 2.21 “Grant Date” means, with respect to an Award, the date that the Award was granted.
- 2.22 “Incentive Stock Option” means an Option to purchase Shares which is designated as an Incentive Stock Option and is intended to meet the requirements of section 422 of the Code.
- 2.23 “Nonqualified Stock Option” means an option to purchase Shares which is not intended to be an Incentive Stock Option.
- 2.24 “Option” means an Incentive Stock Option or a Nonqualified Stock Option.
- 2.25 “Participant” means an Employee, Consultant, or Non-employee Director who has an outstanding Award.
- 2.26 “Performance Goal” shall mean any one or more of the following performance criteria:
- (a) Income (loss) per common share from continuing operations as disclosed in the Company’s annual report to shareholders for a particular Fiscal Year;
 - (b) Income (loss) per common share disclosed in the Company’s annual report to stockholders for a particular Fiscal Year;
 - (c) Income (loss) per common share or income (loss) per common share from continuing operations excluding (i) extraordinary charge(s); and/or (ii) any accruals for restructuring programs, merger integration costs, or merger transaction costs; and/or (iii) other unusual or infrequent items (whether gains or losses) as defined by generally accepted accounting principles (GAAP) which are disclosed as a separate component of income or loss on the face of the income statement or as may be disclosed in the notes to the financial statements (hereinafter “EPS”);
 - (d) Ratio of (i) operating profit, or other objective and specific income (loss) category results to (ii) average common shares outstanding (adjustments to (i) in this paragraph may be made at the time of the goal/target establishment by the Committee in its discretion);
 - (e) Any of items (a), (b), (c) or (d) on a diluted basis as described in Statement of Financial Accounting Standards No. 128 including official interpretations or amendments thereof which may be issued from time to time as long as such interpretations or amendments are utilized on the face of the income statement or in the notes to the financial statements disclosed in the Company’s annual report to shareholders;
 - (f) Share price;
 - (g) Total stockholder return expressed on a dollar or percentage basis as is customarily disclosed in the proxy statement accompanying the notice of annual meetings of stockholders;
 - (h) Income (loss) (i) from continuing operations before extraordinary charge(s), or (ii) before extraordinary charge(s), or (iii) net, as the case may be, adjusted to remove the effect of any accruals for restructuring programs or other unusual or infrequent items as defined by generally accepted accounting principles (GAAP) disclosed as a separate component of income on the face of the income statement or in the notes to the financial statements;

- (i) Net income;
- (j) Income (loss) before income taxes;

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(k) Any of items (a) through (j) above with respect to any Subsidiary, Affiliate, division, business unit or business group of the Company whether or not such information is included in the Company's annual report to stockholders, proxy statement or notice of annual meeting of stockholders;

(l) Any of items (a) through (j) above with respect to a Performance Period whether or not such information is included in the Company's annual report to stockholders, proxy statement or notice of annual meetings of stockholders;

(m) Total Stockholder Return Ranking Position meaning the relative placement of the Company's Total Stockholder Return compared to those publicly held companies in the Company's peer group as established by the Committee prior to the beginning of a vesting period or such later date as permitted under the Code. The peer group shall be comprised of not less than six (6) companies, including the Company; or

(n) Any other objective criteria established by the Committee and approved by the shareholders of the Company prior to payment of any Award based on the criteria.

With respect to items (a), (b), (c) and (d) above, other terminology may be used for "income (loss) per common share" (such as "Basic EPS", "earnings per common share", "diluted EPS", or "earnings per common share-assuming dilution") as contemplated by Statement of Financial Accounting Standards No. 128.

2.27 "Performance Period" means the Fiscal Year except in the following cases: (a) the Employee's service period within a Fiscal Year in the case of a new hire or promoted Employee; or (b) a period of service determined at the discretion of the Committee prior to the expiration of more than 25% of the period. Notwithstanding any provision contained herein, Performance Periods of Awards granted to Section 16 Persons shall exceed six (6) months in length (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3).

2.28 "Performance Share" means a Performance Share granted to a Participant pursuant to Section 8.

2.29 "Performance Unit" means a Performance Unit granted to a Participant pursuant to Section 8.

2.30 "Period of Restriction" means the period during which shares of Restricted Stock are subject to forfeiture and/or restrictions on transferability; provided, however, that the Period of Restriction on Shares granted to a Section 16 Person may not lapse until at least six (6) months after the Grant Date.

2.31 "Plan" means the Neoprobe Corporation 2002 Stock Incentive Plan, as set forth in this instrument and as hereafter amended from time to time.

2.32 "Restricted Stock" means an Award granted to a Participant pursuant to Section 7.

2.33 "Retirement" means, in the case of an Employee, a Termination of Service by reason of the Employee's retirement at or after his or her having satisfied the requirements for retirement under the applicable Company or Affiliate qualified retirement plan. With respect to a Consultant, no Termination of Service shall be deemed to be on account of "Retirement." With respect to a Non-employee Director, "Retirement" means termination of service on the Board with the consent of the remaining Directors.

2.34 "Rule 16b-3" means Rule 16b-3 promulgated under the 1934 Act, as amended, and any future regulation amending, supplementing or superseding such regulation.

2.35 "Section 16 Person" means a person who, with respect to the Shares, is subject to section 16 of the 1934 Act.

2.36 “Shares” means the shares of the Company’s common stock, \$0.001 par value.

2.37 “Stock Appreciation Right” or “SAR” means an Award, granted alone or in connection with a related Option, that pursuant to Section 6 is designated as a SAR.

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2.38 “Subsidiary” means any entity in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the chain then owns fifty percent (50%) or more of the total combined voting power in one of the other entities in the chain.

2.39 “Tandem SAR” means a SAR that is granted in connection with a related Option, the exercise of which shall require forfeiture of the right to purchase an equal number of Shares under the related Option (and when a Share is purchased under the Option, the SAR shall be canceled to the same extent).

2.40 “Termination of Service” means (a) in the case of an Employee, a cessation of the employee-employer relationship between an Employee and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, Retirement, or the disaffiliation of an Affiliate, but excluding any such termination where there is a simultaneous reemployment by the Company or an Affiliate; (b) in the case of a Consultant, a cessation of the service relationship between a Consultant and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, or the disaffiliation of an Affiliate, but excluding any such termination where there is a simultaneous re-engagement of the consultant by the Company or an Affiliate; and (c) in the case of a Non-employee Director, a cessation of the Non-employee Director’s service on the Board for any reason.

3. Administration

3.1 The Committee. The Plan shall be administered by the Committee. The Committee shall consist of not less than two (2) Directors. The members of the Committee shall be appointed from time to time by, and shall serve at the pleasure of, the Board. The Committee shall be comprised solely of Directors who both are (a) “non-employee directors” under Rule 16b-3, and (b) “outside directors” under section 162(m) of the Code.

3.2 Authority of the Committee. It shall be the duty of the Committee to administer the Plan in accordance with the Plan’s provisions. The Committee shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (a) determine which Employees and Consultants shall be granted Awards, (b) prescribe the terms and conditions of the Awards (other than the Options granted to Non-employee Directors pursuant to Section 9), (c) interpret the Plan and the Awards, (d) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Employees, Consultants and Directors who are foreign nationals or employed outside of the United States, (e) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and (f) interpret, amend or revoke any such rules.

3.3 Delegation by the Committee. The Committee, in its sole discretion and on such terms and conditions as it may provide, may delegate all or any part of its authority and powers under the Plan to one or more directors or officers of the Company; provided, however, that the Committee may not delegate its authority and powers (a) with respect to Section 16 Persons, or (b) in any way which would jeopardize the Plan’s qualification under Section 162(m) of the Code or Rule 16b-3.

3.4 Non-employee Directors. Notwithstanding any contrary provision of this Section 3, the Board shall administer Section 9 of the Plan, and the Committee shall exercise no discretion with respect to Section 9. In the Board’s administration of Section 9 and the Options and any Shares granted to Non-employee Directors, the Board shall have all of the authority and discretion otherwise granted to the Committee with respect to the administration of the Plan.

3.5 Decisions Binding. All determinations and decisions made by the Committee, the Board, and any delegate of the Committee pursuant to the provisions of the Plan shall be final, conclusive, and binding on all Persons, and

shall be given the maximum deference permitted by law.

4. Shares Subject to the Plan

4.1 Number of Shares. Subject to adjustment as provided in Section 4.3, the total number of Shares available for grant under the Plan shall not exceed Ten Million (10,000,000) Seven Million (7,000,000) Shares. The maximum number of Shares that are available for grant to any individual Participant in any calendar year shall not exceed 500,000 Shares. Shares granted under the Plan may be either authorized but unissued Shares or treasury Shares.

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4.2 Lapsed Awards. If an Award terminates, expires, or lapses for any reason, any Shares subject to such Award again shall be available to be the subject of an Award.

4.3 Adjustments in Awards and Authorized Shares. In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, split-up, Share combination, or other change in the corporate structure of the Company affecting the Shares, the Committee shall adjust the number and class of Shares which may be delivered under the Plan, the number, class, and price of Shares subject to outstanding Awards, and the numerical limit of Section 10.5 in such manner as the Committee (in its sole discretion) shall determine to be appropriate to prevent the dilution or diminution of such Awards. Notwithstanding the preceding, the number of Shares subject to any Award always shall be a whole number.

5. Stock Options

5.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Employees and Consultants at any time and from time to time as determined by the Committee in its sole discretion. The Committee, in its sole discretion, shall determine the number of Shares subject to each Option. The Committee may grant Incentive Stock Options, Nonqualified Stock Options, or a combination thereof.

5.2 Award Agreement. Each Option shall be evidenced by an Award Agreement that shall specify the Exercise Price, the expiration date of the Option, the number of Shares to which the Option pertains, any conditions to exercise of the Option, and such other terms and conditions as the Committee, in its discretion, shall determine. The Award Agreement shall specify whether the Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.

5.3 Exercise Price. Subject to the provisions of this Section 5.3, the Exercise Price for each Option shall be determined by the Committee in its sole discretion.

5.3.1 Nonqualified Stock Options. In the case of a Nonqualified Stock Option, the Exercise Price shall be not less than twenty five percent (25%) of the Fair Market Value of a Share on the Grant Date.

5.3.2 Incentive Stock Options. In the case of an Incentive Stock Option, the Exercise Price shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the Grant Date; provided, however, that if on the Grant Date, the Employee (together with persons whose stock ownership is attributed to the Employee pursuant to section 424(d) of the Code) owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, the Exercise Price shall be not less than one hundred and ten percent (110%) of the Fair Market Value of a Share on the Grant Date.

5.3.3 Substitute Options. Notwithstanding the provisions of Sections 5.3.1 and 5.3.2, in the event that the Company or an Affiliate consummates a transaction described in section 424(a) of the Code (e.g., the acquisition of property or stock from an unrelated corporation), persons who become Employees or Consultants on account of such transaction may be granted Options in substitution for options granted by their former employer. If such substitute Options are granted, the Committee, in its sole discretion and consistent with section 424(a) of the Code, shall determine the exercise price of such substitute Options.

5.4 Expiration of Options.

5.4.1 Expiration Dates. Each Option shall terminate no later than the first to occur of the following events:

- (a) The date for termination of the Option set forth in the written Award Agreement; or

(b) The expiration of ten (10) years from the Grant Date (except as provided in Section 5.8.4 regarding Incentive Stock Options); or

(c) Immediately upon the date and time of the Participant's Termination of Service for a reason other than the Participant's death, Disability or Retirement, unless the Committee in its sole discretion elects to extend the exercisability of an Option to not more than three (3) months from Termination of Service; or

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(d) The expiration of one (1) year from the date of the Participant's Termination of Service by reason of death, Disability or Retirement (except as provided in Section 5.8.2 regarding Incentive Stock Options).

5.4.2 Committee Discretion. Subject to the limits of Sections 5.4.1, the Committee, in its sole discretion, (a) shall provide in each Award Agreement when each Option expires and becomes unexercisable, and (b) may, after an Option is granted, extend the maximum term of the Option (subject to Section 5.8.4 regarding Incentive Stock Options).

5.5 Exercisability of Options. Options granted under the Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall determine in its sole discretion. After an Option is granted, the Committee, in its sole discretion, may accelerate the exercisability of the Option. However, in no event may any Option granted to a Section 16 Person be exercisable until at least six (6) months following the Grant Date.

5.6 Payment. Options shall be exercised by the Participant's delivery of a written notice of exercise to the Secretary of the Company (or the Company's designee), setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

Upon the exercise of any Option, the Exercise Price shall be payable to the Company in full in cash or its equivalent. The Committee, in its sole discretion, also may permit exercise (a) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price, or (b) by any other means which the Committee, in its sole discretion, determines to both provide legal consideration for the Shares, and to be consistent with the purposes of the Plan.

As soon as practicable after receipt of a written notification of exercise and full payment for the Shares purchased, the Company shall deliver to the Participant (or the Participant's designated broker), Share certificates (which may be in book entry form) representing such Shares.

5.7 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable, including, but not limited to, restrictions related to applicable Federal securities laws, the requirements of any national securities exchange or system upon which Shares are then listed or traded, or any blue sky or state securities laws.

5.8 Certain Additional Provisions for Incentive Stock Options. Notwithstanding anything to the contrary contained in this Section 5, the following provisions shall apply to any Incentive Stock Option granted pursuant to the Plan.

5.8.1 Exercisability. The aggregate Fair Market Value (determined on the Grant Date(s)) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Employee during any calendar year (under all plans of the Company and its Subsidiaries) shall not exceed \$100,000.

5.8.2 Termination of Service. No Incentive Stock Option may be exercised more than three (3) months after the Participant's Termination of Service for any reason other than Disability or death, unless (a) the Participant dies during such three-month period, and (b) the Award Agreement or the Committee permits later exercise.

5.8.3 Company and Subsidiaries Only. Incentive Stock Options may be granted only to persons who are Employees of the Company or a Subsidiary on the Grant Date.

5.8.4 Expiration. No Incentive Stock Option may be exercised after the expiration of ten (10) years from the Grant Date; provided, however, that if the Option is granted to an Employee who, together with persons whose stock

ownership is attributed to the Employee pursuant to section 424(d) of the Code, owns stock possessing more than 10% of the total combined voting power of all classes of the stock of the Company or any of its Subsidiaries, the Option may not be exercised after the expiration of five (5) years from the Grant Date.

5.9 Grant of Reload Options. The Committee may provide in an Award Agreement that a Participant who exercises all or part of an Option by payment of the Exercise Price with already owned Shares, shall be granted an additional option (a "Reload Option") for a number of shares equal to the number of Shares tendered to exercise the previously granted Option plus, if the Committee so determines, any Shares withheld or delivered in satisfaction of any tax withholding requirements. As determined by the Committee, each Reload Option shall: (a) have a Grant Date which is the date as of which the previously granted Option is exercised, and (b) be exercisable on the same terms and conditions as the previously granted Option, except that the Exercise Price shall be determined as of the Grant Date.

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5.10 Acceleration on Change of Control. Unless provided otherwise in the Award Agreement, if a Change of Control occurs, all outstanding Options granted under the Plan will become immediately exercisable to the extent of 100% of the Shares subject thereto notwithstanding any contrary exercise or vesting periods specified in this Plan.

6. Stock Appreciation Rights.

6.1 Grant of SARs. Subject to the terms and conditions of the Plan, a SAR may be granted to Employees and Consultants at any time and from time to time as shall be determined by the Committee, in its sole discretion. The Committee may grant Affiliated SARs, Freestanding SARs, Tandem SARs, or any combination thereof. The Committee shall have complete discretion to determine the number of SARs granted to any Participant.

6.1.1 Exercise Price and Other Terms. The Committee, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan. However, the exercise price of a Freestanding SAR shall be not less than twenty five percent (25%) of the Fair Market Value of a Share on the Grant Date. The exercise price of Tandem or Affiliated SARs shall equal the Exercise Price of the related Option. In no event shall a SAR granted to a Section 16 Person become exercisable until at least six (6) months after the Grant Date (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3).

6.2 Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable. With respect to a Tandem SAR granted in connection with an Incentive Stock Option: (a) the Tandem SAR shall expire no later than the expiration of the underlying Incentive Stock Option; (b) the value of the payout with respect to the Tandem SAR shall be for no more than one hundred percent (100%) of the difference between the Exercise Price of the underlying Incentive Stock Option and the Fair Market Value of the Shares subject to the underlying Incentive Stock Option at the time the Tandem SAR is exercised; and (c) the Tandem SAR shall be exercisable only when the Fair Market Value of the Shares subject to the Incentive Stock Option exceeds the Exercise Price of the Incentive Stock Option.

6.3 Exercise of Freestanding SARs. Freestanding SARs shall be exercisable on such terms and conditions as the Committee, in its sole discretion, shall determine. However, no SAR granted to a Section 16 Person shall be exercisable until at least six (6) months after the Grant Date (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3).

6.4 SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the exercise price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

6.5 Expiration of SARs. A SAR granted under the Plan shall expire upon the date determined by the Committee, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 5.4 also shall apply to SARs.

6.6 Payment of SAR Amount. Upon exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
- (b) The number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, payment for a SAR may be in cash, Shares or a combination thereof.

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7. Restricted Stock

7.1 Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Employees and Consultants in such amounts as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Shares to be granted to each Participant.

7.2 Restricted Stock Agreement. Each Award of Restricted Stock shall be evidenced by an Award Agreement that shall specify the Period of Restriction, the number of Shares granted, any price to be paid for the Shares, and such other terms and conditions as the Committee, in its sole discretion, shall determine. Unless the Committee determines otherwise, Shares of Restricted Stock shall be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

7.3 Transferability. Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction. In no event may the restrictions on Restricted Stock granted to a Section 16 Person lapse prior to six (6) months following the Grant Date.

7.4 Other Restrictions. The Committee, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate, in accordance with this Section 7.4. For example, the Committee may set restrictions based upon the achievement of specific performance objectives (Company-wide, divisional, or individual), applicable Federal or state securities laws, or any other basis determined by the Committee in its discretion. The Committee, in its discretion, may legend the certificates representing Restricted Stock to give appropriate notice of the restrictions applicable to such Shares.

7.5 Removal of Restrictions. Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan shall be released from escrow as soon as practicable after the last day of the Period of Restriction. The Committee, in its discretion, may accelerate the time at which any restrictions shall lapse, and remove any restrictions; provided, however, that the Period of Restriction on Shares granted to a Section 16 Person may not lapse until at least six (6) months after the Grant Date. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends under Section 7.4 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant.

7.6 Voting Rights. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless otherwise provided in the Award Agreement.

7.7 Dividends and Other Distributions. During the Period of Restriction, Participants holding Shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement. If any such dividends or distributions are paid in Shares, the Shares shall be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid. With respect to Restricted Stock granted to a Section 16 Person, any dividend or distribution that constitutes a “derivative security” or an “equity security” under Section 16 of the 1934 Act shall be subject to a Period of Restriction equal to the longer of: (a) the remaining Period of Restriction on the Shares of Restricted Stock with respect to which the dividend or distribution is paid; or (b) six (6) months.

7.8 Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed shall revert to the Company and again shall become available for grant under the Plan.

8. Performance Units and Performance Shares

8.1 Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Employees and Consultants at any time and from time to time, as shall be determined by the Committee, in its sole discretion. The Committee shall have complete discretion in determining the number of Performance Units and Performance Shares granted to any Participant.

8.2 Initial Value. Each Performance Unit shall have an initial value that is established by the Committee on or before the Grant Date. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Grant Date.

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8.3 Performance Objectives and Other Terms. The Committee shall set performance objectives in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units or Shares that will be paid out to the Participants. The Committee may set performance objectives based upon the achievement of Company-wide, divisional, or individual goals, or any other basis determined by the Committee in its discretion. The time period during which the performance objectives must be met shall be called the "Performance Period". Performance Periods of Awards granted to Section 16 Persons shall exceed six (6) months in length (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3). Each Award of Performance Units/Shares shall be evidenced by an Award Agreement that shall specify the Performance Period, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

8.4 Earning of Performance Units and Performance Shares. After the applicable Performance Period has ended, the Participant shall be entitled to receive a payout of the number of Performance Units or Shares earned during the Performance Period, depending upon the extent to which the applicable performance objectives have been achieved. After the grant of a Performance Unit or Share, the Committee, in its sole discretion, may reduce or waive any performance objectives for Award; provided that Performance Periods of Awards granted to Section 16 Persons shall not be less than six (6) months (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3).

8.5 Form and Timing of Payment. Payment of earned Performance Units or Performance Shares shall be made as soon as practicable after the expiration of the applicable Performance Period. The Committee, in its sole discretion, may pay earned Performance Units or Performance Shares in cash, Shares or a combination thereof

8.6 Cancellation. On the date set forth in the Award Agreement, all unearned or unvested Performance Units or Performance Shares shall be forfeited to the Company, and again shall be available for grant under the Plan.

9. Non-employee Directors

9.1 Granting of Options. Subject to the terms & provisions of the Plan, the Board may grant Nonqualified Stock Options to purchase shares to Non-employee Directors of the Company.

9.2 Terms of Options. The Board, in its sole discretion, shall determine the number of shares subject to each Option.

9.2.1 Option Agreement. Each Option granted pursuant to this Section 9 shall be evidenced by a written stock option agreement which shall be executed by the Participant and the Company.

9.2.2 Exercise Price. The Exercise Price for the Shares subject to each Option granted pursuant to this Section 9 shall be not less than twenty five percent (25%) of the Fair Market Value of a Share on the Grant Date.

9.2.3 Exercisability. Each Option granted pursuant to this Section 9 shall become exercisable in full one year after the date the Option is granted. If a Non-employee Director incurs a Termination of Service for a reason other than Retirement, death or Disability, his or her Options which are not exercisable on the date of such Termination shall never become exercisable. If the Termination of Service is on account of Retirement, death or Disability, the Option shall become exercisable in full on the date of the Termination of Service.

9.2.4 Expiration of Options. Each Option shall terminate upon the first to occur of the following events:

(a) The expiration of ten (10) years from the Grant Date; or

(b) The expiration of three (3) months from the date of the Participant's Termination of Service for a reason other than death, Disability or Retirement; or

(c) The expiration of one (1) year from the date of the Participant's Termination of Service by reason of Disability or Retirement.

9.2.5 Death of Director. Notwithstanding Section 9.2.4, if a Director dies prior to the expiration of his or her options in accordance with Section 9.2.4, his or her options shall terminate one (1) year after the date of his or her death.

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9.2.6 Special Rule for Retirement. Notwithstanding the provisions of Section 9.2.4, if the exercisability of an Option is accelerated under Section 9.2.3 on account of the Participant's Retirement, such Option shall terminate upon the first to occur of: (a) the expiration of ten (10) years from the date the Option was granted; or (b) the expiration of one year from the date of the Participant's death.

9.2.7 Not Incentive Stock Options. Options granted pursuant to this Section 9 shall not be designated as Incentive Stock Options.

9.2.8 Other Terms. All provisions of the Plan not inconsistent with this Section 9, including, but not limited to, Section 5.10, shall apply to Options granted to Non-employee Directors.

9.3 Elections by Non-employee Directors. Pursuant to such procedures as the Board (in its discretion) may adopt from time to time, each Non-employee Director may elect to forego receipt of all or a portion of committee fees and meeting fees otherwise due to the Non-employee Director in exchange for Shares. The number of Shares received by any Non-employee Director shall equal the amount of foregone compensation divided by the Fair Market Value of a Share on the date that the compensation otherwise would have been paid to the Non-employee Director, rounded up to the nearest whole number of Shares. The procedures adopted by the Board for elections under this Section 9.3 shall be designed to ensure that any such election by a Non-employee Director will not disqualify him or her as a "non-employee director" under Rule 16b-3.

10. Section 162(m) Deduction Qualification. Except as otherwise provided in Section 10.5, the provisions of this Section 10 shall apply only to Awards of Covered Officers.

10.1 Awards for Covered Officers. Any other provision of the Plan notwithstanding, all Awards to Covered Officers shall be made in a manner that allows for the full deductibility of the Award by the Company or its Subsidiaries under Section 162(m) of the Code. All Awards for Covered Officers shall comply with the provisions of this Section 10.

10.2 Designation of Covered Officers. For each Performance Period, the Committee will designate which Participants are Covered Officers prior to the completion of 25% of the Performance Period (or such earlier or later date as is permitted or required by Section 162(m) of the Code).

10.3 Establishment of Performance Goals and Awards for Covered Officers. Prior to the completion of 25% of a Performance Period (or such earlier or later date as is permitted or required by Section 162(m) of the Code), the Committee shall in its sole discretion, for each such Performance Period: (a) determine and establish in writing one or more Performance Goals applicable to the Performance Period for each Covered Officer; and (b) either (i) assign each Covered Officer a target Award expressed as a fixed number of Shares or a whole dollar amount or (ii) establish a payout table or formula for purposes of determining the Award payable to each Covered Officer. Each payout table or formula: (a) shall be in writing; (b) shall be based on a comparison of actual performance to the Performance Goals; (c) may include a "floor" which is the level of achievement of the Performance Goal in which payout begins; and (d) shall provide for an actual Award equal to or less than the Covered Officer's target Award, depending on the extent to which actual performance approached or reached the Performance Goal. Such pre-established Performance Goals and Awards must state, in terms of an objective formula or standard, the method for computing the amount of the Award payable to each Covered Officer if the Performance Goal is met. A formula or standard is objective if a third party having knowledge of the relevant performance results could calculate the amount to be paid to the Covered Officer. The Committee may establish any number of Performance Periods, Performance Goals and Awards for any Covered Officer running concurrently, in whole or in part, provided, that in so doing the Committee does not jeopardize the Company's deduction for such Awards under Section 162(m) of the Code. The Committee may select different Performance Goals and Awards for different Covered Officers.

10.4 Certification of Achievement of Performance Goals and Amount of Awards. After the end of each Performance Period, or such earlier date if the Performance Goals are achieved, the Committee shall certify in writing, prior to the unconditional payment of any Award, that the Performance Goals for the Performance Period and all other material terms of the Plan were satisfied and to what extent they were satisfied. The Committee shall determine the actual Award for each Covered Officer based on the payout table/formula established in Section 10.3, as the case may be. Extraordinary Events shall either be excluded or included in determining the extent to which the corresponding Performance Goal has been achieved, whichever will produce the higher Award, provided, however, notwithstanding the attainment of specified Performance Goals, the Committee has the discretion to reduce or eliminate an Award that would otherwise be paid to any Participant, including any Covered Officer, based on the Committee's evaluation of Extraordinary Events or other factors. Without limiting the manner of computing Awards set forth in the preceding sentence, with respect to Covered Officers, the Committee may not under any circumstances increase the amount of an Award.

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10.5 Maximum Award. Any other provision of the Plan notwithstanding, the maximum aggregate Awards payable to any Participant under the Plan for any Performance Period shall not exceed Five Hundred Thousand (500,000) Shares, which maximum number of Shares shall be adjusted pursuant to Section 4.3.

11. Miscellaneous

11.1 Forfeiture. Notwithstanding anything in the Plan or in any Award Agreement to the contrary, in the event of a breach of conduct by a Participant or former Participant (including, without limitation, any conduct prejudicial to or in conflict with the Company or an Affiliate), or any activity of a Participant or former Participant in competition with any of the businesses of the Company or an Affiliate, the Committee may (a) cancel any outstanding Award granted to the Participant, in whole or in part, whether or not vested, and/or (b) if such conduct or activity occurs within one year following the exercise or payment of an Award, require the former Participant to repay to the Company any gain realized or payment received upon the exercise or payment of such Award (with such gain or repayment valued as of the date of exercise or payment). Such cancellation or repayment obligation shall be effective as of the date specified by the Committee. Any repayment obligation may be satisfied in Shares or cash or a combination thereof (based upon the Fair Market Value of the Shares on the day prior to the date of payment), and the Committee may provide for an offset to any future payments owed by the Company or Affiliate to such individual if necessary to satisfy the repayment obligation. The determination of whether any Participant or former Participant has engaged in a breach of conduct or any activity in competition with any of the businesses of the Company or an Affiliate shall be determined by the Committee in good faith and in its sole discretion.

11.2 No Effect on Employment or Service. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, with or without cause. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Affiliates (or between Affiliates) shall not be deemed a Termination of Service. Unless there is a written agreement between the Employee and the Company or an Affiliate to the contrary, employment of an Employee with the Company and its Affiliates is on an at-will basis only.

11.3 Participation. No Employee or Consultant shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

11.4 Indemnification. Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from (a) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Award Agreement, and (b) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled under the Company's Articles of Incorporation or Code of Regulations, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

11.5 Successors. All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

11.6 Beneficiary Designations. If permitted by the Committee, a Participant under the Plan may name a beneficiary or beneficiaries to whom any vested but unpaid Award shall be paid in the event of the Participant's death. Each such designation shall revoke all prior designations by the Participant and shall be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate and, subject to the terms of the Plan and of the applicable Award Agreement, any unexercised vested Award may be exercised by the administrator or executor of the Participant's estate.

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11.7 Nontransferability of Awards; Unfunded Plan. No Award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution, or to the limited extent provided in Section 11.5. All rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to the Participant. Notwithstanding the foregoing, to the extent provided in the applicable Award Agreement, a Participant may transfer a Nonqualified Stock Option either (a) to members of his or her immediate family (as defined in Rule 16a-1 promulgated under the 1934 Act), to one or more trusts for the benefit of such family members, or to partnerships or other entities in which such family members are the only partners or owners, provided that the Participant does not receive any consideration for the transfer, or (b) if such transfer is approved by the Committee. If such transfer is permitted under the Award Agreement, any Nonqualified Stock Option held by such transferees are subject to the same terms and conditions that applied to such Nonqualified Stock Options immediately prior to transfer based on the transferor Participant's continuing relationship with the Company. It is intended that the Plan be an "unfunded" plan for incentive compensation. The Plan does not give a Participant any interest, lien or claim against any specific asset of the Company. No Participant or beneficiary shall have any rights under this Plan other than as a general unsecured creditor of the Company.

11.8 No Rights as Stockholder. Except to the limited extent provided in Sections 7.6 and 7.7, no Participant (nor any beneficiary) shall have any of the rights or privileges of a shareholder of the Company with respect to any Shares issuable pursuant to an Award (or exercise thereof), unless and until certificates representing such Shares shall have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant (or beneficiary).

11.9 Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

11.10 Withholding Arrangements. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require a Participant to satisfy all or part of the tax withholding obligations in connection with an Award by (a) having the Company withhold otherwise deliverable Shares, or (b) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld. The amount of the withholding requirement shall be deemed to include any amount which the Committee determines, not to exceed the amount determined by using the minimum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered shall be determined as of the date that the taxes are required to be withheld.

11.11 Deferrals. The Committee, in its sole discretion, may permit a Participant to defer receipt of the payment of cash or the delivery of Shares that would otherwise be delivered to a Participant under the Plan. Any such deferral elections shall be subject to such rules and procedures as shall be determined by the Committee in its sole discretion.

12. Amendment, Termination and Duration

12.1 Amendment, Suspension, or Termination. The Board, in its sole discretion, may amend or terminate the Plan, or any part thereof, at any time and for any reason. However, if and to the extent required to maintain the Plan's qualification under applicable law or stock exchange regulation, any such amendment shall be subject to shareholder approval. The amendment, suspension, or termination of the Plan shall not, without the consent of the Participant, alter or impair any rights or obligations under any Award previously granted to such Participant. No Award may be granted during any period of suspension or after termination of the Plan.

12.2 Duration of the Plan. The Plan shall commence on the date specified herein, and subject to Section 12.1 (regarding the Board's right to amend or terminate the Plan), shall remain in effect thereafter. However, without further stockholder approval, no Incentive Stock Option may be granted under the Plan after March 7, 2015 2012.

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13. Legal Construction

13.1 Gender and Number; Accounting Terms. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural. Accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

13.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

13.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

13.4 Compliance with Rule 16b-3. Transactions under this Plan with respect to Section 16 Persons are intended to comply with all applicable conditions of Rule 16b-3. To the extent any provision of the Plan, Award Agreement or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee. Notwithstanding any contrary provision of the Plan, if the Committee specifically determines that compliance with Rule 16b-3 no longer is required, all references in the Plan to Rule 16b-3 shall be null and void.

13.5 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of Delaware.

13.6 Captions. Captions are provided herein for convenience only, and shall not serve as a basis for interpretation or construction of the Plan.

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PRELIMINARY – SUBJECT TO COMPLETION

NEOPROBE CORPORATION

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

The undersigned hereby appoints Dr. Mark J. Pykett and Brent L. Larson, and each of them, severally, with full power of substitution, as proxies for the undersigned, and hereby authorizes them to represent and to vote, as designated below, all of the shares of Common Stock, par value \$.001 per share, of Neoprobe Corporation held of record by the undersigned on June 17, 2011, at the Annual Meeting of Stockholders to be held on August 15, 2011, or any adjournment thereof, with all the power the undersigned would possess if present in person.

1. To approve the sale (the “Asset Sale”) of our GDS line of gamma detection device systems (the “GDS Business”) to Devicor Medical Products, Inc. (“Devicor” or the “Buyer”) pursuant to the terms and conditions of an asset purchase agreement dated as of May 24, 2011, by and between the Company and Devicor (the “Asset Purchase Agreement”). The Asset Purchase Agreement is attached as Appendix A to the proxy statement.

- FOR
- AGAINST
- ABSTAIN

The Board recommends a vote “FOR” this proposal.

2. To elect as directors the nominees named below for a term of three years and until their successors are duly elected and qualified.

NOMINEES:

Mark J. Pykett, Ph.D.

Peter F. Drake, Ph.D.

Jess Emery Jones, M.D.

- FOR all nominees listed above (except as marked to the contrary)
- WITHHOLD AUTHORITY to vote for all nominees listed above

The undersigned may withhold authority to vote for any nominee by lining through or otherwise striking out the name of any nominee.

The Board recommends a vote “FOR” the election of the directors above.

3. To approve and amend the Company’s Amended and Restated 2002 Stock Incentive Plan (the “2002 Plan”) to increase the maximum number of shares of Common Stock issuable under the 2002 Plan to 10,000,000 shares and to extend the term of the 2002 Plan to March 7, 2015.

- FOR
- AGAINST
- ABSTAIN

The Board recommends a vote “FOR” this proposal.

4. To hold an advisory vote on the frequency of voting on the compensation of our named executive officers.

- 1 Year
- 2 Years
- 3 Years
- ABSTAIN

The Board recommends a vote “FOR” 3 Years.

Explanation of Responses:

5.To hold an advisory vote to approve the compensation of our named executive officers.

- FOR AGAINST ABSTAIN

The Board recommends a vote “FOR” this proposal.

6.To ratify the appointment of BDO USA, LLP as the Company’s independent registered public accounting firm for 2011.

- FOR AGAINST ABSTAIN

The Board recommends a vote “FOR” this proposal.

7.To adjourn the Annual Meeting to a later date, if necessary or appropriate, to allow for the solicitation of additional proxies in favor of the proposal to approve the Asset Sale if there are insufficient votes to approve the Asset Sale.

- FOR AGAINST ABSTAIN

The Board recommends a vote “FOR” this proposal.

8. To transact such other business as may properly come before the meeting or any adjournment thereof.

(Continued, to be dated and signed, on the other side)

(Continued from the other side)

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting of Stockholders or any adjournment thereof.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 3, 5, 6, AND 7 ABOVE, FOR THE ELECTION OF THE NOMINEES TO THE BOARD OF DIRECTORS (PROPOSAL 2), AND FOR EVERY THIRD YEAR REGARDING THE FREQUENCY ON THE VOTE TO APPROVE EXECUTIVE COMPENSATION (PROPOSAL 4).

The undersigned hereby acknowledges receipt with this Proxy of a copy of the Notice of Annual Meeting and Proxy Statement dated [•], 2011, and a copy of the Company's 2010 Annual Report to Stockholders.

Date: _____,
2011

Signature

Signature (if held jointly)

IMPORTANT: Please sign exactly as name or names appear to the left. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. Corporations should sign in their full corporate name by their president or other authorized officer. If a partnership, please sign in partnership name by an authorized person.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.