

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

FORM 10-QSB

(X) Quarterly report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934.

For the quarterly period ended September 30, 2006.

() Transition report pursuant to Section 13 or 15(d) of the Exchange Act for the transition period from _____
_____ to _____.

Commission File Number: 333-72097

NeoGenomics, Inc.

(Exact name of registrant as specified in charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

74-2897368

(I.R.S. Employer Identification No.)

12701 Commonwealth Drive, Suite 9, Fort Myers, FL 33913

(Address of principal executive offices)

(239) 768-0600

(Registrant's Telephone Number, Including Area Code)

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

YES (X) NO ()

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

___ Yes X No

State the number of shares outstanding of each of the issuer's classes of common equity, as of November 15, 2006.

26,991,476

Transitional Small Business Disclosure Format: YES () NO (X)

NeoGenomics, Inc.

INDEX TO FORM 10-QSB

PART I. FINANCIAL INFORMATION

Item 1.	Consolidated Financial Statements (unaudited)	
	Consolidated Balance Sheet as of September 30, 2006.....	4
	Consolidated Statements of Operations for the three and nine months ended September 30, 2006 and 2005.....	5
	Consolidated Statements of Cash Flows for the nine months ended September 30, 2006 and 2005	6
	Notes to Consolidated Financial Statements.....	7
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations (including cautionary statement).....	12
Item 3.	Controls and Procedures	21

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings.	21
Item 2.	Changes in Securities.	21
Item 3.	Defaults Upon Senior Securities.....	22
Item 4.	Submission of Matters to a Vote of Securities Holders.....	22
Item 5.	Other Information	22
Item 6.	Exhibits	22
Signatures		23

PART I

FORWARD-LOOKING STATEMENTS

This Form 10-QSB contains “forward-looking statements” relating to NeoGenomics, Inc., a Nevada corporation (referred to individually as the “Parent Company” or collectively with all of its subsidiaries as the “Company” or “NeoGenomics” in this Form 10-QSB), which represent the Company’s current expectations or beliefs including, but not limited to, statements concerning the Company’s operations, performance, financial condition and growth. For this purpose, any statements contained in this Form 10-QSB that are not statements of historical fact are forward-looking statements. Without limiting the generality of the foregoing, words such as “may”, “anticipation”, “intend”, “could”, “estimate”, or “continue” or the negative or other comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, such as credit losses, dependence on management and key personnel, variability of quarterly results, and the ability of the Company to continue its growth strategy and competition, certain of which are beyond the Company’s control. Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual outcomes and results could differ materially from those indicated in the forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

NeoGenomics, Inc.

**CONSOLIDATED BALANCE SHEET AS OF
September 30, 2006
(unaudited)**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 411,613
Accounts receivable (net of allowance for doubtful accounts of \$47,511)	1,136,335
Inventories	59,421
Other current assets	160,130
Total current assets	<u>1,767,499</u>

PROPERTY AND EQUIPMENT (net of accumulated depreciation of \$420,190) 1,170,687

OTHER ASSETS 33,169

TOTAL \$ 2,971,355

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES:

Accounts payable	\$ 401,860
Deferred revenue	89,970
Short-term portion of equipment lease	72,368
Accrued compensation	170,748
Accrued and other liabilities	65,580
Total current liabilities	<u>800,526</u>

LONG TERM LIABILITIES:

Line of credit (net of unamortized discount of \$52,757)	1,572,243
Long-term portion of equipment lease	371,634
Total long term liabilities	<u>1,943,877</u>

TOTAL LIABILITIES 2,744,403

STOCKHOLDERS' DEFICIT:

Common stock, \$.001 par value, 100,000,000 shares authorized; 26,777,842 shares issued and outstanding	26,778
Additional paid-in capital	11,031,760
Deferred Stock Compensation	(110,771)
Accumulated deficit	(10,720,815)
Total stockholders' deficit	<u>226,952</u>

TOTAL \$ 2,971,355

See notes to consolidated financial statements.

NeoGenomics, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Nine-Months Ended September 30, 2006	For the Nine-Months Ended September 30, 2005	For the Three-Months Ended September 30, 2006	For the Three-Months Ended September 30, 2005
REVENUE	\$ 4,713,172	\$ 1,134,429	\$ 1,601,880	\$ 559,349
COST OF REVENUE	<u>2,023,479</u>	<u>648,491</u>	<u>720,866</u>	<u>301,486</u>
GROSS PROFIT	<u>2,689,693</u>	<u>485,938</u>	<u>881,014</u>	<u>257,863</u>
OPERATING EXPENSES:				
Selling, general and administrative	<u>2,158,471</u>	<u>981,561</u>	<u>765,687</u>	<u>436,160</u>
Total operating expenses	<u>2,158,471</u>	<u>981,561</u>	<u>765,687</u>	<u>436,160</u>
OPERATING INCOME (LOSS)	531,222	\$ (495,623)	115,327	\$ (178,297)
OTHER (INCOME)EXPENSE, NET:				
Interest Expense	<u>231,638</u>	<u>140,845</u>	<u>83,432</u>	<u>61,640</u>
Total Other (Income) Expense, Net	<u>231,638</u>	<u>140,845</u>	<u>83,432</u>	<u>61,640</u>
NET INCOME (LOSS)	\$ <u>299,584</u>	\$ <u>(636,468)</u>	\$ <u>31,895</u>	\$ <u>(239,937)</u>
NET INCOME (LOSS) PER SHARE:				
Basic	\$ <u>0.01</u>	\$ <u>(0.03)</u>	\$ <u>0.00</u>	\$ <u>(0.01)</u>
Diluted	\$ <u>0.01</u>	\$ <u>(0.03)</u>	\$ <u>0.00</u>	\$ <u>(0.01)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING :				
Basic	<u>25,891,331</u>	<u>22,145,593</u>	<u>26,599,981</u>	<u>22,526,370</u>
Diluted	<u>29,318,402</u>	<u>22,145,593</u>	<u>31,172,953</u>	<u>22,526,370</u>

See notes to consolidated financial statements.

NeoGenomics, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Nine-Months Ended September 30, 2006	For the Nine-Months Ended September 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 299,584	\$ (636,468)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	158,879	88,335
Equity-based compensation	77,250	98,491
Provision for bad debts	212,058	65,727
Amortization of debt issue costs	16,076	13,973
Amortization of lease cap costs	362	-
Amortization of relocation expenses	38,488	14,009
Changes in assets and liabilities, net:		
Accounts receivables, net of write-offs	(797,294)	(383,326)
Inventory	579	(29,244)
Pre-paid expenses	(92,495)	(25,223)
Other current assets	(48,441)	3,474
Deposits	(31,463)	1,500
Accounts payable and other liabilities	(135,022)	104,160
NET CASH USED IN OPERATING ACTIVITIES	(301,439)	(684,592)
CASH FLOWS USED IN INVESTING ACTIVITIES -		
Purchases of property and equipment	(752,679)	(82,659)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from affiliates, net	125,000	620,451
Issuance of notes payable	92,905	-
Repayment of notes payable	(90,905)	-
Proceeds from capital lease	481,179	-
Repayment of capital lease	(36,499)	-
Debt issue costs	-	(53,587)
Issuances of common stock, net of transaction expenses	883,107	164,662
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,454,787	731,526
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	400,669	(35,725)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	10,944	112,548
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 411,613	\$ 76,823
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$ 195,286	\$ 89,834
Income taxes paid	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment leased under capital lease	\$ 481,175	\$ -

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE A – FORMATION AND OPERATIONS OF THE COMPANY

NeoGenomics, Inc. (“NEO” or the “Subsidiary”) was incorporated under the laws of the state of Florida on June 1, 2001 and on November 14, 2001 agreed to be acquired by American Communications Enterprises, Inc. (“ACE”, or the “Parent”). ACE was formed in 1998 and succeeded to NEO’s name on January 3, 2002 (NEO and ACE are collectively referred to as “we”, “us”, “our” or the “Company”).

Basis of Presentation

Our accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the instructions to Form 10-QSB and Article 10 of Regulation S-X of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results for the fiscal period have been included. Operating results for the three and nine-month periods ended September 30, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006, or for any future period. These financial statements and notes should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2005 included in our Annual Report on Form 10-KSB.

Certain amounts in the prior years’ consolidated financial statements have been reclassified to conform to the current year presentation.

Accounts Receivable

We record accounts receivable net of contractual discounts. We provide for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. We estimate this allowance based on the aging of our accounts receivable and our historical collection experience for each type of payer. Receivables are charged off to the allowance account at the time they are deemed uncollectible.

Stock Options Expensed

Prior to January 2006, we used Statement of Financial Accounting Standards No. 148 “Accounting for Stock-Based Compensation - Transition and Disclosure” (SFAS No. 148) to account for our stock based compensation arrangements. This statement amended the disclosure provision of FASB statement No. 123 to require prominent disclosure about the effects on reported net income of an entity’s accounting policy decisions with respect to stock-based employee compensation. As permitted by SFAS No. 123 and amended by SFAS No. 148, we continued to apply the intrinsic value method under Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees,” to account for our stock-based employee compensation arrangements.

In December 2004, the Financial Accounting Standards Board issued Statement Number 123 (R) (“FAS 123 (R)”), Share-Based Payments, which is effective for the reporting period beginning on January 1, 2006. The statement will require us to recognize compensation expense in an amount equal to the fair value of share-based payments such as stock options granted to employees. We have the option to either apply FAS 123 (R) on a

modified prospective method or to restate previously issued financial statements, and chose to utilize the modified prospective method. Under this method, we are required to record compensation expense (as previous awards continue to vest) for the unvested portion of previously granted awards that remain outstanding at the date of adoption.

In January 2006, we adopted the expense recognition provisions of SFAS No. 123 (R), and for the three and nine months ended September 30, 2006 recorded approximately \$10,800 and \$29,200, respectively in stock compensation expense. If we had expensed stock options for the three and nine months ended September 30, 2005 the stock compensation expense would have been approximately \$6,000 and \$15,300, respectively.

Net Income (Loss) Per Common Share

We compute net income (loss) per share in accordance with Financial Accounting Standards Statement No. 128 "Earnings per Share" ("SFAS 128") and SEC Staff Accounting Bulletin No. 98 ("SAB 98"). Under the provisions of SFAS No. 128 and SAB 98, basic net income (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by dividing net income by potentially dilutive common shares, which include stock options and warrants.

Net loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. The impact of conversion of dilutive securities, such as stock options and warrants, is not considered where a net loss is reported as the inclusion of such securities would be anti-dilutive. As a result, basic loss per share is the same as diluted loss per share.

NOTE B – EQUITY AND DEBT FINANCING TRANSACTIONS AND NOTES PAYABLE

On January 18, 2006, the Company entered into a binding letter agreement (the "Aspen Agreement") with Aspen Select Healthcare, LP, which provides, among other things, that (a) Aspen waived certain pre-emptive rights in connection with the sale of \$400,000 of common stock at a purchase price of \$0.20/share and the granting of 900,000 warrants with an exercise price of \$0.26/share to a SKL Limited Partnership, LP ("SKL" as more fully described below) in exchange for five year warrants to purchase 150,000 shares at an exercise price of \$0.26/share; (b) Aspen had the right, up to April 30, 2006, to purchase up to \$200,000 of restricted shares of our common stock at a purchase price per share of \$0.20/share (1.0 million shares) and receive a five year warrant to purchase up to 450,000 shares of our common stock at an exercise price of \$0.26/share in connection with such purchase (the "Equity Purchase Rights"); (c) in the event that Aspen did not exercise its Equity Purchase Rights in total, we had the right to sell the difference to SKL at terms no more favorable than Aspen's Equity Purchase Rights; (d) Aspen and us agreed to amend that certain Loan Agreement, dated March 23, 2005 (the "Loan Agreement") between the parties to extend the maturity date until September 30, 2007 and modify certain covenants (such Loan Agreement as amended, the "Credit Facility Amendment"); (e) Aspen had the right, until April 30, 2006, to provide up to \$200,000 of additional secured indebtedness to us under the Credit Facility Amendment and receive a five year warrant to purchase up to 450,000 shares of our common stock with an exercise price of \$0.26/share (the "New Debt Rights"); (f) we agreed to amend and restate that certain warrant agreement, dated March 23, 2005 to provide that all 2,500,000 warrant shares (the "Existing Warrants") were vested and the exercise price per share of such warrants was reset to \$0.31 per share; and (g) we agreed to amend that certain Registration Rights Agreement, dated March 23, 2005 (the "Registration Rights Agreement"), between the parties to incorporate the Existing Warrants and any new shares or warrants issued to Aspen in connection with the Equity Purchase Rights or the New Debt Rights.

During the period from January 18 - 21, 2006, the Company entered into agreements with four other shareholders who are parties to that certain Shareholders' Agreement, dated March 23, 2005, to exchange five year warrants to purchase 150,000 shares of stock in the aggregate at an exercise price of \$0.26/share for such shareholders' waiver of their pre-emptive rights under the Shareholders' Agreement.

On January 21, 2006 the Company entered into a subscription agreement (the "Subscription") with SKL Family Limited Partnership, LP, a New Jersey limited partnership, whereby SKL purchased 2.0 million shares (the "Subscription Shares") of the Company's common stock at a purchase price of \$0.20/share for \$400,000. Under the terms of the Subscription, the Subscription Shares are restricted for a period of 24 months and then carry piggyback registration rights to the extent that exemptions under Rule 144 are not available to SKL. In connection with the Subscription, the Company also issued a five year warrant to purchase 900,000 shares of the Company's common stock at an exercise price of \$0.26/share. SKL has no previous affiliation with the Company.

On March 14, 2006, Aspen exercised its Equity Purchase Rights and we issued to Aspen 1,000,000 restricted shares of common stock at a purchase price of \$0.20/share for \$200,000. In connection with this transaction, the Company also issued a five year warrant to purchase 450,000 shares of common stock at an exercise price of \$0.26/share.

Also on March 30, 2006, Aspen exercised its New Debt Rights and entered into the definitive transaction documentation for the Credit Facility Amendment and other such documents required under the Aspen Agreement, dated January 18, 2006. As part of the Credit Facility Amendment, the Company has the right, but not the obligation, to borrow an additional \$200,000 from Aspen. Interest on amounts outstanding under this \$1.7 million note will be charged at the rate of prime plus 6%. In connection with Aspen making such debt capital available to the Company, we issued a five year warrant to purchase 450,000 shares of common stock at an exercise price of \$0.26/share.

During May of 2006, the Company borrowed an additional \$100,000 and in September 2006 an additional \$25,000 from the Aspen credit facility. At September 30, 2006, \$1,625,000 was outstanding on the credit facility and bears interest at prime plus 6%.

On June 6, 2006 as a result of not terminating our Standby Equity Distribution Agreement ("SEDA") with Cornell Capital Partners, L.P. ("Cornell Capital") a short-term note payable in the amount of \$50,000 became due to Cornell Capital.

On July 19, 2006, we requested a \$53,000 advance on our Standby Equity Distribution Agreement with Cornell. The advance was completed on July 28, 2006 and resulted in the sale of 83,491 shares of common stock. Our net proceeds were \$50,000 after deducting \$2,500 in fees to Cornell and a \$500 escrow agent fee to Yorkville Advisors Management, LLC, and such proceeds were used to pay off the short term note payable to Cornell Capital.

On August 8, 2006, we requested a \$250,000 advance on our Standby Equity Distribution Agreement with Cornell. The advance was completed on August 16, 2006 and resulted in the sale of 279,486 shares of common stock. Our net proceeds were \$237,000 after deducting \$12,500 in fees to Cornell and a \$500 escrow agent fee to Yorkville Advisors Management, LLC.

NOTE C – OTHER RELATED PARTY TRANSACTIONS

During the three and nine months ending September 30, 2006, we incurred consulting expenses from a director of \$19,000 and \$52,700, respectively, for various consulting work performed in connection with managing the financial affairs of the Company and acting as the Principal Financial Officer. During the three and nine months ending September 30, 2005, we incurred consulting expenses from the same director of \$22,500 and \$55,000, respectively, for various consulting work performed in connection with managing the financial affairs of the Company and acting as the Principal Financial Officer.

NOTE D – COMMITMENTS AND EQUIPMENT LEASES

Operating Leases

In August 2003, the Company entered into a three year operating lease for 5,200 square feet at our laboratory facility in Fort Myers, Florida. On June 29, 2006 the Company signed an amendment to the original lease which extended the lease through June 30, 2011. The amendment included the rental of approximately 4,400 square feet adjacent to our current facility. This space will allow for future expansion of our business in 2006. This lease amendment which allowed the Company this additional space on June 1, 2006 results in total payments of approximately \$732,600 over the remaining life of the lease. Such amount includes estimated operating and maintenance expenses and sales tax. This lease extension calls for annual increases of rental payments of 3% per annum. The rent expense for the three and nine months ended September 30, 2006 was approximately \$35,000 and \$80,900, respectively.

As part of the merger of The Center for CytoGenetics, Inc. into the Company on April 18, 2006, the Company assumed the lease of an 850 square foot facility in Nashville, Tennessee. The lease commenced on September 1, 2005 and is for three years. The average monthly rental expense is approximately \$1,350 per month. The lease expense for the three and nine months ended September 30, 2006 was approximately \$4,000 and \$5,300, respectively. The Company is actively trying to sublease this facility.

On June 15, 2006 the Company entered into a lease for an additional 5,386 square feet of laboratory space in Nashville, Tennessee. This space will be used for additional expansion of our Tennessee facility. As part of the lease we have the right of first refusal on an additional 2,420 square feet directly adjacent to the facility. The lease is a five year lease and results in total payments by the Company of approximately \$340,000. The rent expense for the three and nine months ended September 30, 2006 was approximately \$14,100 and \$15,600, respectively.

On August 1, 2006 the Company entered into a lease for 1,800 square feet of laboratory space in Irvine, California. The lease is a nine month lease and results in total payments by the Company of approximately \$23,000. The rent expense for the three and nine months ended September 30, 2006 was approximately \$5,200.

Capital Leases

During March 2006 the Company entered into a 5 year lease agreement for laboratory equipment. The cost of the equipment was approximately \$134,200 and requires monthly lease payments of approximately \$2,500, with an effective interest rate of 8% per annum. At September 30, 2006, approximately \$121,400 is still outstanding on this lease.

During August 2006, the Company entered into 4 different 5 year lease agreements for laboratory equipment costing approximately \$347,000. The Company paid approximately \$22,000 up front in capital costs to reduce the effective interest rate on each lease.

The first lease covered approximately \$48,200 of the equipment and requires monthly lease payments of approximately \$1,200. At September 30, 2006, approximately \$47,700 is still outstanding on this lease.

The second lease covered approximately \$98,400 of the equipment and requires monthly lease payments of approximately \$2,400. At September 30, 2006, approximately \$97,300 is still outstanding on this lease.

The third lease covered approximately \$100,200 of the equipment and requires monthly lease payments of approximately \$2,100. At September 30, 2006, approximately \$98,900 is still outstanding on this lease.

The fourth lease covered approximately \$100,200 of the equipment and requires monthly lease payments of approximately \$2,400. At September 30, 2006, approximately \$99,000 is still outstanding on this lease.

Purchase Commitment

On June 22, 2006, the Company entered into an agreement to purchase three automated FISH signal detection and analysis systems over the next 24 months for a total of \$420,000. The Company agreed to purchase two systems immediately and to purchase a third system in the next 15 months if the vendor is able to make certain improvements to its system. As of September 30, 2006, the Company had purchased and installed 2 of the systems.

NOTE E – OTHER SUBSEQUENT EVENTS

On October 16, 2006, we requested a \$200,000 advance on our Standby Equity Distribution Agreement with Cornell. The advance was completed on October 23, 2006 and resulted in the sale of 167,842 shares of common stock. Our net proceeds were \$189,500 after deducting \$10,000 in fees to Cornell and a \$500 escrow agent fee to Yorkville Advisors Management, LLC.

On October 31, 2006, our shareholders and Board of Directors amended and restated the NeoGenomics Equity Incentive Plan, which was originally approved in October 2003 (the “Stock Option Plan”). As part of this amendment and restatement, the shareholders and Board of Directors approved an increase in the shares reserved under the Stock Option Plan from 10% of our outstanding common stock at any given time to 12% of our Adjusted Diluted Shares Outstanding at any given time. Adjusted Diluted Shares Outstanding are defined as basic common shares outstanding on the measurement date plus that number of shares that would be issued if all convertible debt, convertible preferred equity securities and warrants were assumed to be converted into common stock on the measurement date. The definition of Adjusted Diluted Shares Outstanding specifically excludes any unexercised stock options that may be outstanding under either the Stock Option Plan or the ESPP on any measurement date.

On October 31, 2006, our shareholders and Board of Directors approved an Employee Stock Purchase Plan (“ESPP”) effective January 1, 2007. The ESPP as approved stipulates that the rights to purchase shares granted under the plan be considered options issued under an “employee stock purchase plan,” as that term is defined in Section 423(b) of the Code. The number of shares reserved for issuance under the ESPP has been set to equal 1% of the Adjusted Diluted Shares Outstanding (as defined above) at any given time. Under the terms of the ESPP, the Board of Directors has been authorized to set the parameters of any particular offering, provided, however, that no rights to purchase shares may be offered to employees at a price which is less than 95% of the fair market value of our common stock. The Board of Directors has further delegated the authority to administer the ESPP to the Compensation Committee and directed the Compensation Committee to ensure that no offerings under the plan are compensable events under SFAS 123(R), which effectively limits any offering period under the plan to 30 days.

End of Financial Statements

Item 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the financial statements for the three and nine months ended September 30, 2006, included with this Form 10-QSB. Readers are also referred to the cautionary statement, which addresses forward-looking statements made by us. As used in this report, the terms "we", "us", "our", "NeoGenomics", and the "Company" mean NeoGenomics, Inc. and subsidiaries unless otherwise indicated.

Overview

NeoGenomics operates a cancer genetics laboratory that is targeting the rapidly growing genetic and molecular testing segment of the medical laboratory market. We operate in two laboratory locations: the first location is in Fort Myers, Florida and the second is in Nashville, Tennessee. We currently offer the following types of testing services to oncologists, pathologists, urologists, hospitals, and other laboratories that do not perform genetic testing throughout the United States: a) cytogenetics testing, which analyzes human chromosomes, b) Fluorescence In-Situ Hybridization (FISH) testing, which analyzes abnormalities at the gene level, c) flow cytometry testing services, which analyzes clusters of differentiation on cell surfaces, d) morphological testing, which analyzes cellular structures and e) molecular testing which involves testing DNA and other molecular structures to screen for and diagnose single gene disorders. All of these testing services are widely used in the diagnosis of various types of cancer. Our common stock is listed on the NASDAQ Over-the-Counter Bulletin Board (the "OTCBB") under the symbol "NGNM."

We believe that the genetic and molecular testing segment of the medical laboratory industry is the most rapidly growing segment of the market. Approximately five years ago, the World Health Organization reclassified cancers as being genetic anomalies. This growing awareness of the genetic root behind most cancers combined with advances in technology and genetic research, including the complete sequencing of the human genome, have made possible a whole new set of tools to diagnose and treat cancers. This has opened up a vast opportunity for laboratory companies that are positioned to address this growing market segment.

The medical testing laboratory market can be broken down into three primary segments:

- clinical lab testing,
- anatomic pathology testing, and
- genetic/molecular testing.

Clinical labs typically are engaged in high volume, high automation tests on blood and urine. Clinical lab tests often involve testing of a less urgent nature, for example, cholesterol testing and testing associated with routine physical exams. This type of testing yields relatively low average revenue per test.

Anatomic pathology ("AP") testing involves evaluation of tissue, as in surgical pathology, or cells as in cytopathology. The most widely known AP tests are Pap smears, skin biopsies, and tissue biopsies. AP tests are typically more labor and technology intensive than clinical lab tests and thus typically have higher average revenue per test than clinical lab tests.

Genetic/molecular testing typically involves analyzing chromosomes, genes or base pairs of DNA for disorders. Both genetic and molecular testing have become important and highly-accurate diagnostic tools over the last five years. New tests are being developed rapidly, thus this market segment is expanding rapidly. Genetic/molecular testing requires very specialized equipment and credentialed individuals (typically MD or PhD level) to certify the results and typically yields the highest average revenue per test of the three market segments. The following chart shows the differences between the genetic/molecular segment and other segments of the medical laboratory industry. Up until about five years ago, the genetic/molecular segment was considered

to be part of the AP segment, but given its rapid growth, many industry veterans now break genetic/molecular testing out into its own segment.

COMPARISON OF THE MEDICAL LABORATORY MARKET SEGMENTS (1)

<u>Attributes</u>	<u>Clinical</u>	<u>Anatomic Pathology</u>	<u>Genetic/Molecular</u>
Testing Performed On	Blood, Urine	Tissue/Cells	Chromosomes/Genes/DNA
Testing Volume	High	Low	Low
Physician Involvement	Low	High - Pathologist	Low - Medium
Malpractice Ins. Required	Low	High	Low
Other Professionals Req.	None	None	Cyto/Molecular geneticist
Level of Automation	High	Low-Moderate	Moderate
Diagnostic in Nature	Usually Not	Yes	Yes
Types of Diseases Tested	Many Possible	Typically Cancer	Rapidly Growing
Typical Revenue Per Test	\$5 - \$35/Test	\$10.0 - \$12.0 Billion	\$200 - \$1,000/Test
Estimated Size of Market	\$25 - \$30 Billion	6.0 – 7.0% Annually	\$3.0 - \$4.0 Billion (2)
Estimated Growth Rate	4.0 -5.0%		25.0+% Annually
Established Competitors	Quest Diagnostics LabCorp Bio Reference Labs DSI Laboratories Hospital Labs Regional Labs	Quest Diagnostics LabCorp Genzyme Genetics Ameripath Local Pathologists	Genzyme Genetics Quest Diagnostics LabCorp Major Universities

(1) Derived from industry analyst reports and company estimates.

(2) Includes flow cytometry testing, which historically has been classified under Anatomic Pathology testing.

Our primary focus is on the oncology market. We target oncologists that perform bone marrow sampling and treat patients with leukemia, lymphoma and other forms of cancer as well as urologists that treat patients with bladder cancer. Historically, our clients have been predominantly located in Florida. Beginning in January 2005, based on the experience of our new President, we began targeting large institutional clients throughout the United States. This was successful and we landed several clients outside of the State of Florida. During the third quarter of 2005 we began testing for bladder, breast and cervical cancer. Our bladder, breast and cervical cancer testing programs are focused around the UroVysion, PathVysion and Cervicyte tests and test volumes have grown significantly since their introduction. As we grow, we anticipate offering additional tests that broaden our focus from genetic and molecular testing to more traditional types of anatomic pathology testing that are complementary to our current test offerings.

We compete in the marketplace based on our turn-around times, the quality and accuracy of our test results and our ability to provide after-test support to those physicians requesting consultation. We believe our average 3-5 day turn-around time on oncology-related cytogenetics and FISH tests is helping to increase the usage patterns of cytogenetics and FISH tests by our referring oncologists and hematopathologists. Based on empirical data, we believe that cytogenetics and FISH labs typically have 7-14 day turn-around times on average with some labs running as high as 21 days. Traditionally, longer turn-around times for cytogenetics and FISH tests have resulted in fewer tests being ordered since there is an increased chance that the test results will not be returned within an acceptable diagnostic window when other adjunctive diagnostic test results are available. We believe our turn-around times result in our referring physicians requesting more of our testing services in order to augment or confirm other diagnostic tests, thereby giving us a significant competitive advantage in marketing our services against those of other competing laboratories.

We have an opportunity to add additional types of tests to our product offering. We believe that by doing so we may be able to capture increases in our testing volumes through our existing customer base as well

as more easily attract new customers via the ability to bundle our testing services more appropriately to the needs of the market. We believe this bundled offering approach could drive large increases in our revenue and afford us significant synergies and efficiencies in our operations and sales and marketing activities by increasing the average number of tests performed per customer requisition received. For instance, the addressable market for the initial testing for most hematological cancers is approximately \$1,700 - \$3,000 of revenue per case based on Medicare reimbursement rates and is generally comprised of one or more of the following tests: cytogenetics, fluorescence in-situ hybridization (FISH), flow cytometry, and morphology testing.

Addressable Market for Hematological Cancer Testing	Medicare <u>Avg. Rev/Test</u>
Cytogenetics	\$400-\$600
Fluorescence In Situ Hybridization (FISH)	
Technical component	\$300-\$600
Professional component	\$150-\$300
Flow cytometry	
Technical component	\$450-\$700
Professional component	\$100-\$200
Morphology	
Technical component	\$200-\$400
Professional component	<u>\$100-\$200</u>
Total	<u>\$1,700-</u> <u>\$3,000</u>

In FY 2004, we only performed cytogenetics testing in-house and thus could only address approximately \$400-\$600 of this revenue per case. In FY 2005, we added the capability to perform FISH testing and the technical component of Flow cytometry testing in-house, which increased our addressable market to approximately \$1,300 - \$2,200 per case. In September, 2006, we announced that we had hired a full-time Hematopathologist, which now allows us to perform all of the above testing in-house and which increased our addressable market per case to the full \$1,700 - \$3,000 per case. In addition, in September 2006 we unveiled a new comprehensive testing service called Genetic Pathology Solutions (GPS) which combines the results of all the above tests onto one comprehensive laboratory report and provides it to our clients within 3-6 days. We believe this is a significant competitive advantage versus other cancer genetics laboratories and we are not aware of any other genetics laboratory in the country that is able to provide this level of service in the timeframes which we are able to.

The addition of incremental testing capabilities has also led to significant increases in our average number of tests ordered per requisition and average revenue per requisition. We believe that this has created a significant amount of operating leverage in our business as there are considerable cost synergies in performing more than one test per requisition. For instance, until December 2004, we only performed cytogenetics testing, in-house, which resulted in only one test being performed per customer requisition for most of FY 2004 and average revenue per requisition of approximately \$490. In December 2004, we added FISH testing to our product offering, and in February 2005, we began offering flow cytometry testing services. With the addition of these two new testing platforms, our average revenue/requisition increased by 35.6% in FY 2005 to approximately \$632/requisition. This trend continued into the first nine months of FY 2006 with average revenue/requisition increasing to \$691. We believe that we can continue to increase our average revenue per customer requisition with the addition of additional testing platforms and more focused marketing. The following table compares our operating statistics for the three and nine month periods ending September 30, 2006 and September 30, 2006.

	For the Nine-Months Ended September 30, 2006	For the Nine-Months Ended September 30, 2005	% Inc (Dec)	For the Three-Months Ended September 30, 2005	For the Three-Months Ended September 30, 2005	% Inc (Dec)
Requisitions Received (cases)	6,818	1,887	261.3%	2,398	917	161.5%
Number of Tests Performed	9,448	2,506	277.0%	3,309	1,271	160.3%
Avg. # of Tests / Requisition	1.385	1.328	4.3%	1.380	1.386	(0.4)%
Total Testing Revenue	\$4,713,172	\$ 1,134,429	315.5%	\$1,601,880	\$559,349	186.4%
Avg Revenue/Requisition	\$ 691.28	\$ 601.18	15.0%	\$ 668.01	\$609.98	9.5%
Avg Revenue/Test	\$ 498.85	\$ 452.69	10.2%	\$ 484.10	\$440.08	10.0%

The cancer genetics and molecular testing markets in general are seasonal and “same customer sales” tend to decline somewhat in the summer months as referring physicians and their patients are vacationing. In Florida, this seasonality is further exacerbated because a meaningful percentage of the population returns to homes in the Northern U.S. to avoid the hot summer months. As a result, we estimate that our test volumes and sequential growth rates during the second and third quarter of each year will be somewhat impacted by these seasonality factors.

The following discussion and analysis should be read in conjunction with the financial statements for the three and nine months ended September 30, 2006, included with this Form 10-QSB. Readers are also referred to the cautionary statement, which addresses forward-looking statements made by us.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires our management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our management routinely makes judgments and estimates about the effects of matters that are inherently uncertain.

Our critical accounting policies and estimates are those where we have made difficult, subjective or complex judgments in making estimates, and/or where these estimates can significantly impact our financial results under different assumptions and conditions. Our critical accounting policies and estimates are:

- Revenue Recognition
- Accounts Receivable

Revenue Recognition

Net revenues are recognized in the period when tests are performed and consist primarily of net patient revenues that are recorded based on established billing rates less estimated discounts for contractual allowances principally for patients covered by Medicare, Medicaid and managed care and other health plans. These revenues also are subject to review and possible audit by the payers. We believe that adequate provision has been made for any adjustments that may result from final determination of amounts earned under all the above arrangements. There are no known material claims, disputes or unsettled matters with any payers that are not adequately provided for in the accompanying consolidated financial statements.

Accounts Receivable

We record accounts receivable net of estimated and contractual discounts. We provide for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. We estimate this allowance based on the aging of our accounts receivable and our historical collection experience for each type of payer. Bad debts are charged off to the allowance account at the time they are deemed uncollectible.

Results of Operations for the Three and Nine Months Ended September 30, 2006 as Compared To The Three And Nine Months Ended September 30, 2005

Revenue

For the three months ended September 30, 2006 our revenues increased 186% to approximately \$1,601,900 from approximately \$559,300 in 2005. This was the result of a 160% increase in testing volume and a 10% increase in average revenue per test. For the nine months ended September 30, 2006 our revenues increased 316% to approximately \$4,713,200 from approximately \$1,134,000 in 2005. This was the result of an increase in testing volume of 277% and a 10% increase in average revenue per test. This volume increase is the result of wide acceptance of our bundled testing product offering and our industry leading turnaround times resulting in new customers. This increase in average revenue per test is a direct result of restructuring arrangements with certain existing customers that had lower average revenue per test and realigning our pricing policies with new customers.

Cost of Revenue

For the three months ended September 30, 2006 our cost of revenue increased 139% to approximately \$720,900 from approximately \$301,500 in 2005. This was the result of the 160% increase in testing volume and is explained primarily as follows:

- Increase of approximately 288% in employee and benefit related costs
- Increase of approximately 138% in supply costs; and
- Increase of approximately 159% in postage and delivery costs

For the nine months ended September 30, 2006 our cost of revenue increased 212% to approximately \$2,023,500 from approximately \$648,500 in 2005. This was the result of the 277% increase in testing volume and is explained primarily as follows:

- Increase of approximately 273% in employee labor and benefit related costs
- Increase of approximately 260% in supply costs; and
- Increase of approximately 240% in postage and delivery costs

Gross Profit

As a result of these increases in revenue and cost of revenue, our gross profit percentage for the three months ended September 30, 2006 increased to 55% from 46% for the three months ended September 30, 2005. The gross profit percentage for the nine months ended September 30, 2006 increased to approximately 57% from approximately 43% for the nine months ended September 30, 2005.

Selling, General and Administrative Expenses

During the three months ended September 30, 2006, our selling, general and administrative expenses increased by approximately 76% to approximately \$765,700 from approximately \$436,200 in the three months ended September 30, 2005. For the nine months ended September 30, 2006, our selling, general and administrative expenses increased by approximately 120% to approximately \$2,158,500 from approximately \$981,600 in the nine months ended September 30, 2005. This increase was primarily as a result of higher personnel and personnel-related expenses associated with the increase in management, sales and administrative headcount that was necessary to manage the significant increases in test volumes described above. In addition to management, sales, and administrative personnel, our Selling, General and Administrative expenses also include all of our overhead and technology expenses as well, which have also had to increase as a result of higher test volumes.

Other Income and Expense

Interest expense for the three months ended September 30, 2006 increased approximately 35% to approximately \$83,400 from approximately \$61,600 for the three months September 30, 2005. Interest expense for the nine months ended September 30, 2006 increased approximately 65% to approximately \$231,600 from approximately \$140,800 for the nine months ended September 30, 2005. Interest expense is primarily comprised of interest payable on advances under our Credit Facility from Aspen, which has increased as a result of our increased borrowing to fund operations, and to a lesser extent interest on capital leases entered into during 2006.

Net Income

As a result of the foregoing, our net income for the three months-ended September 30, 2006 increased approximately \$271,800 to approximately \$31,900 from a loss of approximately \$239,900 during the three months-ended September 30, 2005. For the nine months-ended September 30, 2006 net income increased approximately \$936,100 to approximately \$299,600 from a loss of approximately \$636,500 during the nine months-ended September 30, 2005.

COMMITMENTS

Operating Leases

In August 2003, we entered into a three year operating lease for 5,200 square feet at our laboratory facility in Fort Myers, Florida. On June 29, 2006 we signed an amendment to the original lease which extended the lease through June 30, 2011. The amendment included the rental of approximately 4,400 square feet adjacent to our current facility. This space will allow for future expansion of our business in 2006. This lease amendment which allowed us this additional space on June 1, 2006 results in total payments of approximately \$732,600 over the remaining life of the lease. Such amount excludes estimated operating and maintenance expenses and sales tax. The lease calls for annual increases of rental payments of 3% per annum. The rent expense for the three and nine months ended September 30, 2006 was approximately \$35,000 and \$80,900, respectively.

As part of the merger of The Center for CytoGenetics, Inc. into the Company on April 18, 2006, we assumed the lease of an 850 square foot facility in Nashville, Tennessee. The lease commenced on September 1, 2005 and is for three years. The average monthly rental expense is approximately \$1,350 per month. The lease expense for the three and nine months ended September 30, 2006 was approximately \$4,000 and \$5,300, respectively. The Company is actively trying to sublease this facility.

On June 15, 2006, we entered into a lease for an additional 5,386 square feet of laboratory space in Nashville, Tennessee. This space will be used for additionally expansion of our Tennessee facility. As part of

the lease we have the right of first refusal on additional 2,420 square feet directly adjacent to the facility. The lease is a five year lease and results in total payments by us of approximately \$340,000. The rent expense for the three and nine months ended September 30, 2006 was approximately \$14,100 and 15,600, respectively.

On August 1, 2006 the Company entered into a lease for 1,800 square feet of laboratory space in Irvine, California. The lease is a nine month lease and results in total payments by the Company of approximately \$23,000. The rent expense for the three and nine months ended September 30, 2006 was approximately \$5,200.

Capital Lease

During March 2006 we entered into a 5 year lease agreement for laboratory equipment. The cost of the equipment was approximately \$134,200 and requires monthly lease payments of approximately \$2,500, with an effective interest rate of 8% per annum. At September 30, 2006, approximately \$121,400 is still outstanding on this lease.

During August 2006, the Company entered into 4 different 5 year lease agreements for laboratory equipment costing approximately \$347,000. The Company paid approximately \$22,000 up front in capital costs to reduce the effective interest rate on each lease.

The first lease covered approximately \$48,200 of the equipment and requires monthly lease payments of approximately \$1,200. At September 30, 2006, approximately \$47,700 is still outstanding on this lease.

The second lease covered approximately \$98,400 of the equipment and requires monthly lease payments of approximately \$2,400. At September 30, 2006, approximately \$97,300 is still outstanding on this lease.

The third lease covered approximately \$100,200 of the equipment and requires monthly lease payments of approximately \$2,100. At September 30, 2006, approximately \$98,900 is still outstanding on this lease.

The fourth lease covered approximately \$100,200 of the equipment and requires monthly lease payments of approximately \$2,400. At September 30, 2006, approximately \$99,000 is still outstanding on this lease.

Purchase Commitment

On June 22, 2006, we entered into an agreement to purchase three automated FISH signal detection and analysis systems over the next 24 months for a total of \$420,000. We agreed to purchase two systems immediately and to purchase a third system in the next 15 months if the vendor is able to make certain improvements to its system. As of September 30, 2006, the Company had purchased and installed 2 of the systems.

Liquidity and Capital Resources

During the nine months ended September 30, 2006, our operating activities used approximately \$301,400 in cash. This amount primarily resulted from cash tied-up in receivables as a result of increased revenues and to a lesser extent cash used to pay the expenses associated with our operations as well as fund our other working capital needs. We also spent approximately \$752,700 on new equipment. We were able to finance operations and equipment purchases primarily through the sale of equity securities which provided approximately \$883,100 and capital leases which provided approximately \$481,200 and to a lesser extent with borrowings on the Aspen credit facility during the nine months ended September 30, 2006. At September 30, 2006, we had cash and cash equivalents of approximately \$411,600.

On January 18, 2006, we entered into a binding letter agreement (the "Aspen Agreement") with Aspen

Select Healthcare, LP, which provided, among other things, that (a) Aspen waived certain pre-emptive rights in connection with the sale of \$400,000 of common stock at a purchase price of \$0.20/share and the granting of 900,000 warrants with an exercise price of \$0.26/share to a SKL Limited Partnership, LP (“SKL” as more fully described below) in exchange for five year warrants to purchase 150,000 shares at an exercise price of \$0.26/share; (b) Aspen had the right, up to April 30, 2006, to purchase up to \$200,000 of restricted shares of our common stock at a purchase price per share of \$0.20/share (1.0 million shares) and receive a five year warrant to purchase up to 450,000 shares of our common stock at an exercise price of \$0.26/share in connection with such purchase (the “Equity Purchase Rights”); (c) in the event that Aspen did not exercise its Equity Purchase Rights in total, we had the right to sell the difference to SKL at terms no more favorable than Aspen’s Equity Purchase Rights; (d) Aspen and us agreed to amend that certain Loan Agreement, dated March 23, 2005 (the “Loan Agreement”) between the parties to extend the maturity date until September 30, 2007 and modify certain covenants (such Loan Agreement as amended, the “Credit Facility Amendment”); (e) Aspen had the right, until April 30, 2006, to provide up to \$200,000 of additional secured indebtedness to us under the Credit Facility Amendment and receive a five year warrant to purchase up to 450,000 shares of our common stock with an exercise price of \$0.26/share (the “New Debt Rights”); (f) we agreed to amend and restate that certain warrant agreement, dated March 23, 2005 to provide that all 2,500,000 warrant shares (the “Existing Warrants”) are vested and the exercise price per share was reset to \$0.31 per share; and (g) we agreed to amend that certain Registration Rights Agreement, dated March 23, 2005 (the “Registration Rights Agreement”), between the parties to incorporate the Existing Warrants and any new shares or warrants issued to Aspen in connection with the Equity Purchase Rights or the New Debt Rights.

During the period from January 18 - 21, 2006, we entered into agreements with four other shareholders who are parties to that certain Shareholders’ Agreement, dated March 23, 2005, to exchange five year warrants to purchase 150,000 shares of stock in the aggregate at an exercise price of \$0.26/share for such shareholders’ waiver of their pre-emptive rights under the Shareholders’ Agreement.

On January 21, 2006 we entered into a subscription agreement (the “Subscription”) with SKL Family Limited Partnership, LP, a New Jersey limited partnership, whereby SKL purchased 2.0 million shares (the “Subscription Shares”) of our common stock at a purchase price of \$0.20/share for \$400,000. Under the terms of the Subscription, the Subscription Shares are restricted for a period of 24 months and then carry piggyback registration rights to the extent that exemptions under Rule 144 are not available to SKL. In connection with the Subscription, we also issued a five year warrant to purchase 900,000 shares of our common stock at an exercise price of \$0.26/share. SKL has no previous affiliation with us.

On March 14, 2006, Aspen exercised its Equity Purchase Rights and we issued to Aspen 1,000,000 restricted shares of common stock at a purchase price of \$0.20/share for \$200,000. In connection with this transaction, we also issued a five year warrant to purchase 450,000 shares of common stock at an exercise price of \$0.26/share.

Also on March 30, 2006, Aspen exercised its New Debt Rights and entered into the definitive transaction documentation for the Credit Facility Amendment and other such documents required under the Aspen Agreement, dated January 18, 2006. As part of the Credit Facility Amendment, we have the right, but not the obligation, to borrow an additional \$200,000 from Aspen. In connection with Aspen making such debt capital available to us, we issued a five year warrant to purchase 450,000 shares of common stock at an exercise price of \$0.26/share.

We borrowed an additional \$100,000 from the Aspen credit facility in May 2006 and \$25,000 in September 2006. At September 30, 2006, \$1,625,000 was outstanding on the credit facility and bears interest at prime plus 6%.

On June 6, 2006 as a result of not terminating our Standby Equity Distribution Agreement (“SEDA”) with Cornell Capital Partners, L.P. (“Cornell Capital”) a short-term note payable in the amount of \$50,000 became due to Cornell Capital.

On July 19, 2006, we requested a \$53,000 advance on our Standby Equity Distribution Agreement with Cornell. The advance was completed on July 28, 2006 and resulted in the sale of 83,491 shares of common stock. Our net proceeds were \$50,000 after deducting \$2,500 in fees to Cornell and a \$500 escrow agent fee to Yorkville Advisors Management, LLC, and such proceeds were used to pay off the short term note payable to Cornell Capital.

On August 8, 2006, we requested a \$250,000 advance on our Standby Equity Distribution Agreement with Cornell. The advance was completed on August 16, 2006 and resulted in the sale of 279,486 shares of common stock. Our net proceeds were \$237,000 after deducting \$12,500 in fees to Cornell and a \$500 escrow agent fee to Yorkville Advisors Management, LLC.

On October 16, 2006, we requested a \$200,000 advance on our Standby Equity Distribution Agreement with Cornell. The advance was completed on October 23, 2006 and resulted in the sale of 167,842 shares of common stock. Our net proceeds were \$189,500 after deducting \$10,000 in fees to Cornell and a \$500 escrow agent fee to Yorkville Advisors Management, LLC.

At the present time, we anticipate that based on our current business plan, operations and the various financings we have completed since January 2006 that we have sufficient cash on hand to manage our business for at least the next 12 months. This estimate of our cash needs does not include any additional funding which may be required for growth in our business beyond that which is planned, strategic transactions or acquisitions. To the extent we need additional capital beyond our current cash resources, the amended Credit Facility with Aspen allows us to draw an additional \$75,000 and we still have \$4,422,000 of availability under our Standby Equity Distribution Agreement with Cornell Capital. In the event that we grow faster than we currently anticipate or we engage in strategic transactions or acquisitions and our cash on hand and availability under our Credit Facility and Standby Equity Distribution Agreements is not sufficient to meet our financing needs, we may need to raise additional capital from other resources. In such event, we may not be able to obtain such funding on attractive terms or at all and we may be required to curtail our operations.

Capital Expenditures

We currently forecast capital expenditures for the coming year in order to execute on our business plan. The amount and timing of such capital expenditures will be determined by the volume of business, but we currently anticipate that we will need to purchase approximately \$500,000 to \$1,000,000 of additional capital equipment during the next twelve months. We plan to fund these expenditures through traditional lease financing from equipment lessors. We may not be eligible to obtain all of our capital equipment funding needs from another source. If we are unable to obtain such funding, we will be required to curtail our equipment purchases, which may have an impact on our ability to generate revenues.

Staffing

As of September 30, 2006, we had forty-four full-time employees. During the remainder of FY 2006 and FY 2007, we plan to add additional laboratory technologists and laboratory assistants to assist us in handling a greater volume of tests and to perform sponsored research projects. In addition, we intend to continue building our sales force in an effort to sustain our sales growth, as well as add personnel in management, accounting, and administrative functions. The number of such additional personnel and their salaries will be determined by the volume of business we are generating and the availability of adequate financial resources to pay the salaries of such personnel.

Item 3 - CONTROLS AND PROCEDURES

(A) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's Principal Executive Officer and Principal Accounting Officer of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of achieving the Company's disclosure control objectives. The Company's Principal Executive Officer and Principal Accounting Officer have concluded that the Company's disclosure controls and procedures are, in fact, effective at this reasonable assurance level as of the period covered. In addition, the Company reviewed its internal controls, and there have been no significant changes in its internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation or from the end of the reporting period to the date of this Form 10-QSB.

(B) Changes in Internal Controls over Financial Reporting

In connection with the evaluation of the Company's internal controls during the nine months ended September 30, 2006, the Company's Principal Executive Officer and Principal Accounting Officer have determined that there are no changes to the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially effect, the Company's internal controls over financial reporting.

PART II. - OTHER INFORMATION

Item 1. Legal Proceedings

On October 26, 2006, Accupath Diagnostics Laboratories, Inc. d/b/a US Labs, a California corporation ("US Labs") filed a complaint in the Superior Court of the State of California for the County of Los Angeles (the "Court") against the Company and Robert Gasparini, as an individual, and certain other employees and non-employees of NeoGenomics with respect to claims arising from discussions with current and former employees of US Labs. US Labs alleges, among other things, that NeoGenomics engaged in "unfair competition" by having access to certain salary information of four recently hired sales personnel prior to the time we hired such individuals. We believe that US Labs' claims against NeoGenomics lack any merit and that there are well established laws that affirm the rights of employees to seek employment with any company they desire and employers to offer such employment to anyone they desire. US Labs seeks unspecified monetary relief. As part of the complaint, US Labs also sought preliminary injunctive relief against NeoGenomics and requested that the Court bar NeoGenomics from, among other things: a) inducing any further US Labs' employees to resign employment with US Labs, b) soliciting, interviewing or employing US Labs' employees for employment, c) directly or indirectly soliciting US Labs' customers with whom four new employees of NeoGenomics did business while employed at US Labs; and d) soliciting, initiating and/or maintaining economic relationships with US Labs' customers that are under contract with US Labs.

On November 15, 2006, the Court heard arguments on US Labs request for a preliminary injunction and denied the majority of US Labs' requests for such injunction on the grounds that US Labs was not likely to prevail at trial. The Court did, however, issue a much narrower preliminary injunction which prevents NeoGenomics from "soliciting" the US Labs' customers of such new sales personnel until such time as a full trial could be held. This preliminary injunction is limited only to the "solicitation" of the US Labs' customers of the sales personnel in question and does not in any way prohibit NeoGenomics from doing business with any such customers to the extent they have sought or seek a business relationship with NeoGenomics on their own initiative. Furthermore, NeoGenomics is not in any way prohibited from recruiting any additional

personnel from US Labs through any lawful means. We believe that none of US Labs' claims will be affirmed at trial; however, even if they were, NeoGenomics does not believe such claims would result in a material impact to our business. NeoGenomics further believes that this lawsuit is nothing more than a blatant attempt by a large corporation to impede the progress of a smaller and more nimble competitor, and we intend to vigorously defend ourselves.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

On April 18, 2006, as part of the Center for Cytogenetics merger, the Company issued a number of shares of restricted stock to the shareholder's of the Center for Cytogenetics that was not material to the Company's balance sheet.

Item 3. Defaults Upon Senior Securities

NONE

Item 4. Submission of Matters to a Vote of Securities Holders

NONE

Item 5. Other Information

NONE

Item 6. Exhibits

(a) Exhibits - The following exhibits are filed as part of this Form 10-QSB.

EXHIBIT NO.	DESCRIPTION	LOCATION
10.12	Amended and Restated NeoGenomics Equity Incentive Plan	Attached
10.13	NeoGenomics Employee Stock Purchase Plan	Attached
31.1	Certification by Principal Executive Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Provided herewith
31.2	Certification by Principal Accounting Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Provided herewith
32.1	Certification by Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Provided herewith
32.1	Certification by Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Provided herewith

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEOGENOMICS, INC.

<u>Signature</u>	<u>Date</u>	<u>Title</u>
<u>/s/ Robert P. Gasparini</u> Robert P. Gasparini	November 17, 2006	President and Principal Executive Officer
<u>/s/ Jerome J. Dvonch</u> Jerome J. Dvonch	November 17, 2006	Principal Accounting Officer

NEOGENOMICS, INC.
EQUITY INCENTIVE PLAN
AS AMENDED AND RESTATED EFFECTIVE OCTOBER 31, 2006

NEOGENOMICS, INC
EQUITY INCENTIVE PLAN
AS AMENDED AND RESTATED EFFECTIVE OCTOBER 31, 2006

- **Purpose.** The NeoGenomics, Inc. Equity Incentive Plan (the “Plan”) has been established by NeoGenomics, Inc. a Nevada corporation (the “Company”), effective originally as of October 14, 2003, to foster and promote the long-term financial success of the Company and its Subsidiaries and thereby increase stockholder value. The Plan provides for the Award of equity incentives to those employees, directors, or officers of, or key advisers or consultants to, the Company or any of its Subsidiaries who are responsible for or contribute to the management, growth or success of the Company or any of its Subsidiaries. The Plan, as amended and restated herein, has been approved by the shareholders and Board of Directors effective as of October 31, 2006.

- **Definitions.** For purposes of this Plan, the following terms used herein shall have the following meanings, unless a different meaning is clearly required by the context.

- “Adjusted Diluted Shares Outstanding” means, as of any given measurement date, the number of common shares outstanding plus that number of common shares that would be issued if all convertible debt, convertible preferred equity securities and warrants were assumed to be converted into common stock on the measurement date. This definition of Adjusted Diluted Shares Outstanding specifically excludes any outstanding and unexercised rights to acquire common stock under this Plan and/or the NeoGenomics, Inc Employee Stock Purchase Plan, dated October 31, 2006.

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

- “Code” means the Internal Revenue Code of 1986, as amended.

- “Committee” shall have the meaning provided in Section 3 of the Plan.

- “Common Stock” means the common stock, \$0.001 par value, of the Company.

- “Deferred Stock Award” means an award of shares of Common Stock pursuant to Section 10.

- “Disability” means (a) as it relates to the exercise of an Incentive Stock Option after termination of employment, a disability within the meaning of Section 22(e)(3) of the Code, and (b) for all other purposes, shall have the meaning given that term by the group disability insurance, if any, maintained by the Company for its employees or otherwise shall mean the complete inability of the Participant, with or without a reasonable accommodation, to perform his or her duties with the Company or any Subsidiary on a full-time basis as a result of physical or mental illness or personal injury he or she has incurred, as determined by an independent physician selected with the approval of the Company or any Subsidiary and the Participant.

- “Effective Date” and “Restated Effective Date” shall have the meaning provided in Section 26 of the Plan.
- “Exchange Act” means the Securities Exchange Act of 1934, as amended.
- “Fair Market Value” means, as determined by the Committee, the last sale price as quoted on a national securities exchange on the trading day immediately preceding the date for which the determination is being made or, in the event that no such sale takes place on such day, the average of the reported closing bid, or if the Common Stock is not quoted on such national securities exchange, then the average of the closing bid and asked prices on the day immediately preceding the date for which the determination is being made in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof, or, if none of the foregoing is applicable, then the fair market value of the Common Stock as determined in good faith by the Committee in its sole discretion.
- “Immediate Family” shall have the meaning provided in Section 20 of the Plan.
- “Incentive Stock Option” means a stock option granted under the Plan which is intended to be designated as an “incentive stock option” within the meaning of Section 422 of the Code.
- “Listing Date” means the first date upon which any security of the Company is listed (or approved for listing) upon notice of issuance on any national securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.
- “Non-Qualified Stock Option” means a stock option granted under the Plan which is not intended to be an Incentive Stock Option, including any stock option that provides (as of the time such option is granted) that it will not be treated as an Incentive Stock Option nor as an option described in Section 423(b) of the Code.
- “Other Stock-Based Award” means awards (other than Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Stock Bonus Awards, and Deferred Stock Awards) denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Common Stock and granted pursuant to Section 11.
- “Outside Director” means a member of the Board who is not employed by the Company or any Subsidiary.
- “Parent Company” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of the granting of the option or other award, each of the corporations other than the Company owns stock possessing 50% or more of the combined voting power of all classes of stock in one of the other corporations in the chain.

- “Participant” shall mean any employee, director or officer of, or key adviser or consultant to, the Company or any Subsidiary to whom an Award is granted under the Plan.

- “Plan Year” means the twelve-month period beginning on January 1 and ending on December 31; provided, however, the first Plan Year shall be the short Plan Year beginning on the Effective Date and ending on December 31, 2003.

- “Stock Appreciation Right” means an award made pursuant to Section 7.

- “Stock Bonus Award” means an award made pursuant to Section 9.

- “Stock Option” means any option to purchase Common Stock granted pursuant to Section 6.

- “Subsidiary” means: (i) as it relates to Incentive Stock Options, any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of the granting of the Stock Option, each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain; and (ii) for all other purposes, a company, domestic or foreign, of which not less than 50% of the total voting power is held by the Company or by a Subsidiary, whether or not such company now exists or is hereafter organized or acquired by the Company or by a Subsidiary .

- “Term of the Plan” means the period beginning on the Effective Date and ending on the earlier to occur of (i) the date the Plan is terminated by the Board in accordance with Section 23 and (ii) the day before the tenth anniversary of the Effective Date.

- **Administration.** The Plan shall be administered by the Compensation Committee of the Board or such other committee as may be appointed by the Board from time to time for the purpose of administering this Plan, or if no such committee is appointed or acting, the entire Board; provided, however, that if the Company registers any class of equity security pursuant to Section 13 of the Exchange Act, and if the Plan is to be administered by a committee, then such committee shall consist of two or more members of the Board, each of whom shall each qualify as a “non-employee director” within the meaning of Rule 16b-3 of the Exchange Act and also qualify as an “outside director” within the meaning of Section 162(m) of the Code and regulations pursuant thereto. For purposes of the Plan, the Board acting in this capacity or the Compensation Committee described in the preceding sentence shall be referred to as the “Committee”. The Committee shall have the power and authority to grant to eligible persons pursuant to the terms of the Plan: (1) Stock Options, (2) Stock Appreciation Rights, (3) Restricted Stock Awards, (4) Stock Bonus Awards, (5) Deferred Stock Awards, (6) Other Stock-Based Awards, or (7) any combination of the foregoing (collectively referred to as “Awards”).

The Committee shall have authority in its discretion to interpret the provisions of the Plan and to decide all questions of fact arising in its application. Except as otherwise expressly provided in the Plan, the Committee shall have authority to select the persons to whom Awards shall be made under the Plan; to determine whether and to what extent Awards shall be made under the Plan; to determine the types of Award to be made and the amount, size, terms and

conditions of each such Award; to determine the time when the Awards shall be granted; to determine whether, to what extent and under what circumstances Common Stock and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the Participant; to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable; and to make all other determinations necessary or advisable for the administration and interpretation of the Plan. Notwithstanding anything in the Plan to the contrary, in the event that the Committee determines that it is advisable to grant Awards which shall not qualify for the exception for performance-based compensation from the tax deductibility limitations of Section 162(m) of the Code, the Committee may make such grants or Awards, or may amend the Plan to provide for such grants or Awards, without satisfying the requirements of Section 162(m) of the Code.

Notwithstanding anything in the Plan to the contrary, the Committee also shall have authority in its sole discretion to vary the terms of the Plan to the extent necessary to comply with foreign, federal, state or local law or to meet the objectives of the Plan. The Committee may, where appropriate, establish one or more sub-plans for this purpose.

All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons who participate in the Plan.

All expenses and liabilities incurred by the Committee in the administration and interpretation of the Plan shall be borne by the Company. The Committee may employ attorneys, consultants, accountants or other persons in connection with the administration and interpretation of the Plan. The Company, and its officers and directors, shall be entitled to rely upon the advice, opinions or valuations of any such persons.

The Committee intends that all Options granted under the Plan not be considered to provide for the deferral of compensation under Section 409A of the Code and that any other Award that does provide for such deferral of compensation shall comply with the requirements of Section 409A of the Code and, accordingly, this Plan shall be so administered and construed. Further, the Committee may modify the Plan and any Award to the extent necessary to fulfill this intent.

- [Common Stock Subject to the Plan.](#)

- [Share Reserve.](#) Subject to the following provisions of this Section 4 and to such adjustment as may be made pursuant to Section 22, the maximum number of shares available for issuance under the Plan shall be equal to twelve percent (12.0%) of the Adjusted Diluted Shares Outstanding. During the terms of the Awards under the Plan, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Awards.

- [Source of Shares.](#) Such shares may consist in whole or in part of authorized and unissued shares or treasury shares or any combination thereof as the Committee may determine. Except as otherwise provided herein, any shares subject to an option or right granted or awarded under the Plan which for any reason expires or is terminated unexercised, becomes unexercisable, or is forfeited or otherwise terminated, surrendered or cancelled as to any shares, or if any shares are not delivered because an Award under the Plan is settled in cash or the shares

are used to satisfy the applicable tax withholding obligation, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of Common Stock available for issuance under the Plan and shall again become eligible for issuance under the Plan. If the exercise price of any Stock Option granted under the Plan is satisfied by tendering shares of Common Stock to the Company (whether by actual delivery or by attestation and whether or not such surrendered shares were acquired pursuant to any Award granted under the Plan), only the number of shares of Common Stock issued net of the shares of Common Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares of Common Stock available for issuance under the Plan. No Awards may be granted following the end of the Term of the Plan.

- **Code Section 162(m) Limitation.** The total number of shares of Common Stock for which Stock Options and Stock Appreciation Rights may be granted to any employee during any 12 month period shall not exceed 1,000,000 shares in the aggregate (as adjusted pursuant to Section 22). The total number of shares of Common Stock for which Restricted Stock Awards, Deferred Stock Awards, Stock Bonus Awards and Other Stock-Based Awards that are subject to the attainment of performance criteria in order to protect against the loss of deductibility under Section 162(m) of the Code may be granted to any employee during any twelve month period shall not exceed 1,000,000 shares in the aggregate, subject to adjustment pursuant to Section 22. This Section 4.3 shall not apply prior to the Listing Date.

- **Incentive Stock Option Limitation.** The total number of shares of Common Stock for which Incentive Stock Options may be granted under the Plan shall not exceed that number of shares in the aggregate specified in Section 4.1 (as adjusted pursuant to Section 22), provided, however, that no one optionee shall be awarded aggregate Incentive Stock Options in excess of the limitations specified in Section 422 of the Code.

- **Eligibility to Receive Awards.** An Award may be granted to any employee, director, or officer of, or key adviser or consultant to, the Company or any Subsidiary, who is responsible for or contributes to the management, growth or success of the Company or any Subsidiary, provided that bona fide services shall be rendered by consultants or advisers to the Company or its Subsidiaries and, unless otherwise approved by the Committee, such services must not be in connection with the offer and sale of securities in a capital-raising transaction and must not directly or indirectly promote or maintain a market for the Company's securities. Subject to the preceding sentence and Section 6.9, the Committee shall have the sole authority to select the persons to whom an Award is to be granted hereunder and to determine what type of Award is to be granted to each such person. No person shall have any right to participate in the Plan. Any person selected by the Committee for participation during any one period will not by virtue of such participation have the right to be selected as a Participant for any other period.

- **Stock Options.** A Stock Option may be an Incentive Stock Option or a Non-Qualified Stock Option. Only employees of the Company or any Parent Company or Subsidiary of the Company are eligible to receive Incentive Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option, it shall constitute a separate Non-Qualified Stock Option. Stock Options may be granted alone or in addition to other Awards granted under the Plan. Except as otherwise expressly provided in Section 6.9, the terms and conditions of each Stock Option granted under the Plan shall be specified by the Committee, in its sole discretion,

and shall be set forth in a written Stock Option agreement between the Company and the Participant in such form as the Committee shall approve from time to time or as may be reasonably required in view of the terms and conditions approved by the Committee from time to time. No person shall have any rights under any Stock Option granted under the Plan unless and until the Company and the person to whom such Stock Option shall have been granted shall have executed and delivered an agreement expressly granting the Stock Option to such person and containing provisions setting forth the terms and conditions of the Stock Option. The Committee shall issue separate Stock Option agreements for each Non-Qualified Stock Option and Incentive Stock Option. The terms and conditions of each Incentive Stock Option shall be such that each Incentive Stock Option issued hereunder shall constitute and shall be treated as an “incentive stock option” as defined in Section 422 of the Code. The terms and conditions of each Non-Qualified Stock Option will be such that each Non-Qualified Stock Option issued hereunder shall not constitute nor be treated as an “incentive stock option” as defined in Section 422 of the Code or an option described in Section 423(b) of the Code and will be a “non-qualified stock option” for federal income tax purposes. The terms and conditions of any Stock Option granted hereunder need not be identical to those of any other Stock Option granted hereunder. The Stock Option agreements shall contain in substance the following terms and conditions and may contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

- Type of Option. Each Stock Option agreement shall identify the Stock Option represented thereby as an Incentive Stock Option or a Non-Qualified Stock Option, as the case may be.

- Option Price. The Incentive Stock Option exercise price shall be fixed by the Committee but shall in no event be less than 100% (or 110% in the case of an employee referred to in Section 6.8(ii) below) of the Fair Market Value of the shares of Common Stock subject to the Incentive Stock Option on the date the Incentive Stock Option is granted. The Non-Qualified Stock Option exercise price shall be fixed by the Committee and may be equal to, more than or less than 100% of the Fair Market Value of the shares of Common Stock subject to the Non-Qualified Stock Option at the time the Stock Option is granted, but in no event less than the par value of the Common Stock.

- Exercise Term. Each Stock Option agreement shall state the period or periods of time within which the Stock Option may be exercised, in whole or in part, which shall be such period or periods of time as may be determined by the Committee, provided that no Stock Option shall be exercisable after ten years from the date of grant thereof (or, in the case of an Incentive Stock Option granted to an employee referred to in Section 6.8(ii) below, such term shall in no event exceed five years from the date on which such Incentive Stock Option is granted). The Committee shall have the power to permit an acceleration of previously established exercise upon such circumstances and subject to such terms and conditions as the Committee deems appropriate.

- Payment for Shares. A Stock Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Stock Option agreement by the Participant entitled to exercise the Stock Option and full payment for the shares of Common Stock with respect to which the Stock Option is exercised

has been received by the Company. The Committee, in its sole discretion, may permit all or part of the payment of the exercise price to be made, to the extent permitted by applicable statutes and regulations, either: (i) in cash, by check or wire transfer, or (ii) in any other form of legal consideration as provided for under the terms of the Stock Option. No shares of Common Stock shall be issued to any Participant upon exercise of a Stock Option until the Company receives full payment therefor as described above. Upon the receipt of notice of exercise and full payment for the shares of Common Stock, the shares of Common Stock shall be deemed to have been issued and the Participant shall be entitled to receive such shares of Common Stock and shall be a stockholder with respect to such shares, and the shares of Common Stock shall be considered fully paid and nonassessable. However, Participant shall have no rights as a stockholder prior to such time at which certificates representing such Common Stock have been delivered to the Participant. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the Common Stock is issued, except as provided in Section 22 of the Plan. Each exercise of a Stock Option shall reduce, by an equal number, the total number of shares of Common Stock that may thereafter be purchased under such Stock Option.

- Rights upon Termination. Except as otherwise set forth in the Participant's Stock Option agreement, in the event that a Participant's service with the Company or any Subsidiary, whether as an employee, officer, director, adviser or consultant, terminates for any reason, other than death or Disability, any rights of the Participant under any Stock Option shall immediately terminate; provided, however, that the Participant (or any successor or legal representative) shall have the right to exercise the Stock Option to the extent that the Stock Option was exercisable at the time of termination, until the earlier of (i) the date that is three months after the effective date of such termination, or such other date as determined by the Committee in its sole discretion, or (ii) the expiration of the term of the Stock Option.

In the event that a Participant's service terminates because such Participant dies or suffers a Disability prior to the expiration of the Stock Option and without the Participant's having fully exercised the Stock Option, the Participant or his or her successor or legal representative shall be fully vested in the Stock Option and shall have the right to exercise the Stock Option within the next 12 months following such event, or such other period as determined by the Committee in its sole discretion, but not later than the expiration of the term of the Stock Option.

- Exercise of Unvested Options. The Stock Option agreement may, but need not, include a provision whereby the Participant may elect at any time before the Participant's termination to exercise the Stock Option as to any part or all of the shares of Common Stock subject to the Stock Option prior to the full vesting of the Stock Option. Without limiting the generality of the foregoing, the Committee may provide that if the Stock Option is exercised prior to having fully vested, shares issued upon such exercise shall remain subject to vesting at the same rate as under the Stock Option so exercised and shall be subject to a right, but not an obligation, of repurchase by the Company with respect to all unvested Shares (including any securities issued with respect to such shares in accordance with Section 22 of the Plan) or to any other restriction the Committee determines to be appropriate. For purposes of facilitating the enforcement of any such right of repurchase, at the request of the Committee, the Participant shall enter into joint escrow instructions with the Company and deliver each certificate for his or her unvested shares of Common Stock with a stock power, duly endorsed in blank. The Company's rights under this Section 6.6 shall be freely assignable, in whole or in part.

- Re-load Options. Without in any way limiting the authority of the Committee to make or not to make grants of Stock Options hereunder, the Committee shall have the authority (but not an obligation) to include as part of any Stock Option a provision entitling the Participant to a further Stock Option (a “Re-Load Option”) in the event the Participant exercises the original Stock Option, in whole or in part, by surrendering other shares of Common Stock in accordance with this Plan and the terms and conditions of the Stock Option. Any such Re-Load Option shall (i) provide for a number of shares of Common Stock equal to the number of shares of Common Stock surrendered as part or all of the exercise price of such Stock Option; (ii) have an expiration date which is the same as the expiration date of the Stock Option the exercise of which gave rise to such Re-Load Option; (iii) have an exercise price which is equal to 100% of the Fair Market Value of the Common Stock subject to the Re-Load Option on the date of exercise of the original Stock Option and (iii) be fully vested, unless otherwise set forth in the Re-Load Option. Notwithstanding the foregoing, a Re-Load Option shall be subject to the same exercise price and term provisions heretofore described for Stock Options under the Plan.

Any such Re-Load Option may be an Incentive Stock Option or a Non-Qualified Stock Option, as the Committee may designate at the time of the grant of the original Stock Option; provided, however, the designation of any Re-Load Option as an Incentive Stock Option shall be subject to the maximum annual limitation on the exercisability of Incentive Stock Options described in Section 422(d) of the Code (which amount is \$100,000 as of the Effective Date). There shall be no Re-Load Options on a Re-Load Option. Any such Re-Load Option shall be subject to the availability of sufficient shares of Common Stock under Section 4.1 and the limitation on the grants of Stock Options under Section 4.3 and shall be subject to such other terms and conditions as the Committee may determine which are not inconsistent with the express provisions of the Plan regarding the terms of Stock Options.

- Special Incentive Stock Option Rules. Notwithstanding the foregoing, in the case of an Incentive Stock Option, each Stock Option agreement shall contain such other terms, conditions and provisions as the Committee determines necessary or desirable in order to qualify such Stock Option as an Incentive Stock Option under the Code including, without limitation, the following:

(i) To the extent that the aggregate Fair Market Value (determined as of the time the Stock Option is granted) of the Common Stock, with respect to which Incentive Stock Options granted under this Plan (and all other plans of the Company and its Subsidiaries and Parent Company) become exercisable for the first time by any person in any calendar year, exceeds maximum annual limitation described in Section 422(d) of the Code (which amount is \$100,000 as of the Effective Date), such Stock Options shall be treated as Non-Qualified Stock Options.

(ii) No Incentive Stock Option shall be granted to any employee if, at the time the Incentive Stock Option is granted, the employee (by reason of the attribution rules applicable under Section 424(d) of the Code) owns more than 10% of the combined voting power of all classes of stock of the Company or any Parent Company or Subsidiary unless at the time such Incentive Stock Option is granted the Stock Option exercise price is at least 110% of the Fair Market Value (determined as of the time the Incentive Stock Option is granted) of the

shares of Common Stock subject to the Incentive Stock Option and such Incentive Stock Option by its terms is not exercisable after the expiration of five years from the date of grant.

If an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option shall thereafter be treated as a Non-Qualified Stock Option.

- **Stock Appreciation Rights.** Stock Appreciation Rights entitle Participants to increases in the Fair Market Value of shares of Common Stock. The terms and conditions of each Stock Appreciation Right granted under the Plan shall be specified by the Committee, in its sole discretion, and shall be set forth in a written agreement between the Company and the Participant in such form as the Committee shall approve from time to time or as may be reasonably required in view of the terms and conditions approved by the Committee from time to time. The agreements shall contain in substance the following terms and conditions and may contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

- **Award.** Stock Appreciation Rights shall entitle the Participant, subject to such terms and conditions determined by the Committee, to receive upon exercise thereof an Award equal to all or a portion of the excess of: (i) the Fair Market Value of a specified number of shares of Common Stock at the time of exercise over (ii) a specified price which shall not be less than 100% of the Fair Market Value of the Common Stock at the time the right is granted or, if connected with a previously issued Stock Option, not less than 100% of the Fair Market Value of the Common Stock at the time such Stock Option was granted. Such amount may be paid by the Company in cash, Common Stock (valued at its then Fair Market Value) or any combination thereof, as the Committee may determine. Stock Appreciation Rights may be, but are not required to be, granted in connection with a previously or contemporaneously granted Stock Option. In the event of the exercise of a Stock Appreciation Right that is fully or partially settled in shares of Common Stock, the number of shares reserved for issuance under this Plan shall be reduced by the number of shares issued upon exercise of the Stock Appreciation Right.

- **Term.** Each agreement shall state the period or periods of time within which the Stock Appreciation Right may be exercised, in whole or in part, subject to such terms and conditions prescribed for such purpose by the Committee, provided that no Stock Appreciation Right shall be exercisable after ten years from the date of grant thereof. The Committee shall have the power to permit an acceleration of previously established exercise terms upon such circumstances and subject to such terms and conditions as the Committee deems appropriate.

- **Rights upon Termination.** Except as otherwise set forth in the Participant's Stock Appreciation Rights agreement, in the event that a Participant's service with the Company or any Subsidiary, whether as an employee, officer, director, adviser or consultant terminates for any reason, other than death or Disability, any rights of the Participant under any Stock Appreciation Right shall immediately terminate; provided, however, the Participant (or any successor or legal representative) shall have the right to exercise the Stock Appreciation Right to the extent that the Stock Appreciation Right was exercisable at the time of termination, until the earlier of (i) the date that is three months after the effective date of such termination, or such other date as

determined by the Committee in its sole discretion, or (ii) the expiration of the term of the Stock Appreciation Right.

In the event that a Participant's service terminates because such Participant dies or suffers a Disability prior to the expiration of his or her Stock Appreciation Right and without having fully exercised his or her Stock Appreciation Right, the Participant or his or her successor or legal representative shall be fully vested in the Stock Appreciation Right and shall have the right to exercise any Stock Appreciation Right within the next 12 months following such event, or such other period as determined by the Committee in its sole discretion, but not later than the expiration of the Stock Appreciation Right.

- **Restricted Stock Awards.** Restricted Stock Awards shall consist of shares of Common Stock restricted against transfer ("Restricted Stock") and subject to a substantial risk of forfeiture. The terms and conditions of each Restricted Stock Award granted under the Plan shall be specified by the Committee, in its sole discretion, and shall be set forth in a written agreement between the Company and the Participant in such form as the Committee shall approve from time to time or as may be reasonably required in view of the terms and conditions approved by the Committee from time to time. The agreements shall contain in substance the following terms and conditions and may contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

- **Vesting Period.** Restricted Stock Awards shall be subject to the restrictions described in the preceding paragraph over such vesting period as the Committee determines. To the extent the Committee deems necessary or appropriate to protect against loss of deductibility pursuant to Section 162(m) of the Code, Restricted Stock Awards to any Participant may also be subject to certain conditions with respect to attainment of one or more preestablished performance objectives which shall relate to corporate, subsidiary, division, group or unit performance in terms of growth in gross revenue, earnings per share or ratios of earnings to equity or assets, net profits, stock price, market share, sales or costs. In order to take into account unforeseen events or changes in circumstances, such objectives may be adjusted by the Committee in its sole discretion; provided, to the extent the Committee deems necessary or appropriate to protect against loss of deductibility pursuant to Section 162(m) of the Code, such objectives may not be adjusted by the Committee to increase an Award but only to reduce or eliminate an Award.

- **Restriction upon Transfer.** Shares awarded, and the right to vote such shares and to receive dividends thereon, may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, except as herein provided or as provided in any agreement entered into between the Company and a Participant in connection with the Plan, during the vesting period applicable to such shares. Notwithstanding the foregoing, and except as otherwise provided in the Plan, the Participant shall have all the other rights of a stockholder including, but not limited to, the right to receive dividends and the right to vote such shares, until such time as the Participant disposes of the shares or forfeits the shares pursuant to the agreement relating to the Restricted Stock Award.

- Certificates. Any stock certificate issued in respect of shares awarded to a Participant shall be registered in the name of the Participant and deposited with the Company, or its designee, and shall bear the following legend:

“THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE NEOGENOMICS, INC. 2003 EQUITY INCENTIVE PLAN, AS AMENDED, AND A RESTRICTED STOCK AWARD AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND NEOGENOMICS, INC. RELEASE FROM SUCH TERMS AND CONDITIONS SHALL BE OBTAINED ONLY IN ACCORDANCE WITH THE PROVISIONS OF THE PLAN AND AGREEMENT, A COPY OF EACH OF WHICH IS ON FILE IN THE OFFICE OF THE SECRETARY OF NEOGENOMICS, INC.”

Each Participant, as a condition of any Restricted Stock Award, shall have delivered a stock power, endorsed in blank, relating to the Common Stock covered by such Award.

- Stock Bonus Awards. Stock Bonus Awards shall consist of awards of shares of Common Stock. To the extent the Committee deems necessary or appropriate to protect against the loss of deductibility pursuant to Section 162(m) of the Code, the Committee may, in its sole discretion, grant a Stock Bonus Award based upon corporate, division, subsidiary, group or unit performance in terms of growth in gross revenue, earnings per share or ratios of earnings to equity or assets, net profits, stock price, market share, sales or costs or, with respect to Participants not subject to Section 162(m) of the Code, such other measures or standards determined by the Committee in its discretion. In order to take into account unforeseen events or changes in circumstances, such performance objectives may be adjusted; provided, to the extent the Committee deems necessary or appropriate to protect against loss of deductibility pursuant to Section 162(m) of the Code, such performance objectives may not be adjusted by the Committee to increase an Award but only to reduce or eliminate an Award.

The terms and conditions of each Stock Bonus Award granted under the Plan shall be specified by the Committee, in its sole discretion, and shall be set forth in a written agreement between the Company and the Participant in such form as the Committee shall approve from time to time or as may be reasonably required in view of the terms and conditions approved by the Committee from time to time. In addition to any applicable performance goals, shares of Common Stock subject to a Stock Bonus Award may be: (i) subject to additional restrictions (including, without limitation, restrictions on transfer) or (ii) granted directly to a person free of any restrictions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

- Deferred Stock Awards. Deferred Stock Awards under the Plan shall entitle Participants to future payments of shares of Common Stock upon the expiration of a specified period of time (“Deferral Period”) and upon the satisfaction of certain conditions during the Deferral Period. The terms and conditions of each Deferred Stock Award granted under the Plan shall be specified by the Committee, in its sole discretion, and shall be set forth in a written

agreement between the Company and the Participant in such form as the Committee shall approve from time to time or as may be reasonably required in view of the terms and conditions approved by the Committee from time to time. The agreements shall contain in substance the following terms and conditions and may contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

- Vesting Period. Upon the expiration of the Deferral Period (or the Additional Deferral Period referred to in Section 10.2 below, where applicable) with respect to each Deferred Stock Award and the satisfaction of any other applicable limitations, terms or conditions, such Deferred Stock Award shall become vested in accordance with the terms of the agreement relating to the Deferred Stock Award. To the extent the Committee deems necessary or appropriate to protect against loss of deductibility pursuant to Section 162(m) of the Code, Deferred Stock Awards to any Participant may also be subject to certain conditions with respect to attainment of one or more preestablished performance objectives which shall relate to corporate, subsidiary, division, group or unit performance in terms of growth in gross revenue, earnings per share or ratios of earnings to equity or assets, net profits, stock price, market share, sales or costs. In order to take into account unforeseen events or changes in circumstances, such performance objectives may be adjusted by the Committee in its sole discretion; provided, to the extent the Committee deems necessary or appropriate to protect against loss of deductibility pursuant to Section 162(m) of the Code, such performance objectives may not be adjusted by the Committee to increase an Award but only to reduce or eliminate an Award. The Participant shall not be a stockholder with respect to any shares subject to a Deferred Stock Award until such shares vest and are issued to the Participant in accordance with the terms of the Deferred Stock Award agreement.

- Additional Deferral Period. A Participant may request to defer (and, based thereon, the Committee may at any time defer) the receipt of all or any part of a Deferred Stock Award for an additional specified period or until a specified event (“Additional Deferral Period”). Except as otherwise agreed to by the Committee, the terms of any such additional deferral request shall be subject to the requirements of Section 409A of the Code and the regulations thereunder.

- Other Stock-Based Awards. Other Stock-Based Awards may be awarded, subject to limitations under applicable law and this Plan, that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Common Stock, as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, purchase rights, convertible or exchangeable debentures, or other rights convertible into shares of Common Stock and Awards valued by reference to the value of securities of or the performance of specified Subsidiaries. Other Stock-Based Awards may be awarded either alone or in addition to or in tandem with any other Awards under the Plan or any other plan of the Company. The terms and conditions of each Other Stock-Based Award granted under the Plan shall be specified by the Committee, in its sole discretion, and shall be set forth in a written agreement between the Company and the Participant in such form as the Committee shall approve from time to time or as may be reasonably required in view of the terms and conditions approved by the Committee from time to time.

To the extent the Committee deems necessary or appropriate to protect against loss of deductibility pursuant to Section 162(m) of the Code, Other Stock-Based Awards to any Participant may also be subject to certain conditions with respect to attainment of one or more preestablished performance objectives which shall relate to corporate, subsidiary, division, group or unit performance in terms of growth in gross revenue, earnings per share or ratio of earnings to equity or assets, net profits, stock price, market share, sales or costs. In order to take into account unforeseen events or changes in circumstances, such performance objectives may be adjusted; provided, to the extent the Committee deems necessary or appropriate to protect against loss of deductibility pursuant to Section 162(m) of the Code, such performance objectives may not be adjusted by the Committee to increase an Award but only to reduce or eliminate an Award.

- **Loans.** The Committee may, subject to the Sarbanes-Oxley Act of 2002 and otherwise in its sole discretion and to further the purpose of the Plan, provide for loans to persons in connection with all or any part of an Award under the Plan. Any loan made pursuant to this Section 12 shall be evidenced by a loan agreement, promissory note or other instrument in such form and which shall contain such terms and conditions (including without limitation, provisions for interest, payment, schedules, collateral, forgiveness, acceleration of such loans or parts thereof or acceleration in the event of termination) as the Committee shall prescribe from time to time. Notwithstanding the foregoing, each loan shall comply with all applicable laws, regulations and rules of the Board of Governors of the Federal Reserve System and any other governmental agency having jurisdiction.

- **Securities Law Requirements.** No shares of Common Stock shall be issued upon the exercise or payment of any Award unless and until:

- (i) The shares of Common Stock underlying the Award have been registered under the Securities Act of 1933, as amended (the "Act"), or the Company has determined that an exemption from the registration requirements under the Act is available or the registration requirements of the Act do not apply to such exercise or payment;

- (i) The Company has determined that all applicable listing requirements of any stock exchange or quotation system on which the shares of Common Stock are listed have been satisfied; and

- (iii) The Company has determined that any other applicable provision of state or Federal law, including without limitation applicable state securities laws, has been satisfied.

- **Restrictions on Transfer; Representations of Participant; Legends.** The Committee in its sole discretion may restrict the transferability of shares until the Common Stock is listed on any United States securities exchange or traded on NASDAQ or an over-the-counter quotation system in the United States.

Regardless of whether the offering and sale of shares of Common Stock has been registered under the Act or has been registered or qualified under the securities laws of any state, the Company may impose restrictions upon the sale, pledge, or other transfer of such shares,

including the placement of appropriate legends on stock certificates, if, in the judgment of the Company and its counsel, such restrictions are necessary or desirable in order to achieve compliance with the provisions of the Act, the securities laws of any state, or any other law. As a condition to the Participant's receipt of shares, the Company may require the Participant to represent that such shares are being acquired for investment, and not with a view to the sale or distribution thereof, except in compliance with the Act, and to make such other representations as are deemed necessary or appropriate by the Company and its counsel. Stock certificates evidencing shares acquired pursuant to an unregistered transaction to which the Act applies shall bear a restrictive legend substantially in the following form and such other restrictive legends as are required or deemed advisable under the Plan or the provisions of any applicable law:

“THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1993, AS AMENDED (THE “ACT”), OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THESE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH ANY DISTRIBUTION THEREOF, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION UNDER THE ACT AND QUALIFICATION UNDER ANY APPLICABLE STATE SECURITIES LAWS, OR WITHOUT AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.”

Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 14 shall be conclusive and binding on all persons.

The Company may, but shall not be obligated to, register or qualify the sale of shares under the Act or any other applicable law.

- **Single or Multiple Agreements.** Multiple forms of Awards or combinations thereof may be evidenced by a single agreement or multiple agreements, as determined by the Committee.
- **Rights of a Stockholder.** The recipient of any Award under the Plan, unless otherwise expressly provided by the Plan, shall have no rights as a stockholder with respect thereto unless and until shares of Common Stock are issued to him.
- **No Right to Continue Employment or Service.** Nothing in the Plan or any instrument executed or Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company, Parent Company or any Subsidiary in the capacity in effect at the time the Award was granted or shall affect the right of the Company, Parent Company or any Subsidiary to terminate (i) the employment of an employee with or without notice and with or without cause, (ii) the service of a consultant or adviser pursuant to the terms of such consultant's or adviser's agreement with the Company, Parent Company or any

Subsidiary, if any or (iii) the service of a director pursuant to the Bylaws of the Company, Parent Company or any Subsidiary and any applicable provisions of the corporate law of the state in which the Company, Parent Company or any Subsidiary is incorporated, as the case may be.

- **Withholding.** The Company's obligations hereunder in connection with any Award shall be subject to applicable foreign, federal, state and local withholding tax requirements. Foreign, federal, state and local withholding tax due under the terms of the Plan may be paid in cash or shares of Common Stock (either through the surrender of already-owned shares of Common Stock that the Participant has held for the period required to avoid a charge to the Company's reported earnings or the withholding of shares of Common Stock otherwise issuable upon the exercise or payment of such Award) having a Fair Market Value equal to the required withholding and upon such other terms and conditions as the Committee shall determine; provided, however, the Committee, in its sole discretion, may require that such taxes be paid in cash; and provided, further, any election by a Participant subject to Section 16(b) of the Exchange Act to pay his or her withholding tax in shares of Common Stock shall be subject to and must comply with Rule 16b-3 of the Exchange Act.

- **Indemnification.** No member of the Board or the Committee, nor any officer or employee of the Company or a Subsidiary or Parent Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Company or any Subsidiary or Parent Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

- **Non-Assignability.** No right or benefit hereunder shall in any manner be subject to the debts, contracts, liabilities or torts of the person entitled to such right or benefit. No Award under the Plan shall be assignable or transferable by the Participant except by will, by the laws of descent and distribution and by such other means as the Committee may approve from time to time, and all Awards shall be exercisable, during the Participant's lifetime, only by the Participant.

However, the Participant, with the approval of the Committee, may transfer a Non-Qualified Stock Option for no consideration to or for the benefit of the Participant's Immediate Family (including, without limitation, to a trust for the benefit of the Participant's Immediate Family or to a partnership or limited liability company for one or more members of the Participant's Immediate Family), subject to such limits as the Committee may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Non-Qualified Stock Option prior to such transfer. The foregoing right to transfer a Non-Qualified Stock Option shall apply to the right to consent to amendments to the Stock Option agreement and, in the discretion of the Committee, shall also apply to the right to transfer ancillary rights associated with the Non-Qualified Stock Option. The term "Immediate Family" shall mean the Participant's spouse, parents, children, stepchildren, adoptive relationships, sisters, brothers and grandchildren (and, for this purpose, shall also include the Participant).

At the request of the Participant and subject to the approval of the Committee, Common Stock purchased upon exercise of a Non-Qualified Stock Option may be issued or transferred into the name of the Participant and his or her spouse jointly with rights of survivorship.

Except as set forth above or in a Stock Option agreement, any attempted assignment, sale, transfer, pledge, mortgage, encumbrance, hypothecation, or other disposition of an Award under the Plan contrary to the provisions hereof, or the levy of any execution, attachment, or similar process upon an Award under the Plan shall be null and void and without effect.

- **Nonuniform Determinations.** The Committee's determinations under the Plan (including without limitation determinations of the persons to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and the agreements evidencing same, and the establishment of values and performance targets) need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

- **Adjustments.** In the event of any change in the outstanding shares of Common Stock, without the receipt of consideration by the Company, by reason of a stock dividend, stock split, reverse stock split or distribution, recapitalization, merger, reorganization, reclassification, consolidation, split-up, spin-off, combination of shares, exchange of shares or other change in corporate structure affecting the Common Stock and not involving the receipt of consideration by the Company, the Committee shall make appropriate and equitable adjustments in (a) the aggregate number of shares of Common Stock (i) available for issuance under the Plan, (ii) for which grants or Awards may be made to any Participant or to any group of Participants (e.g., Outside Directors), (iii) which are available for issuance under Incentive Stock Options, (iv) covered by outstanding unexercised Awards and grants denominated in shares or units of Common Stock, (b) the exercise or other applicable price related to outstanding Awards or grants and (c) the appropriate Fair Market Value and other price determinations relevant to outstanding Awards or grants and shall make such other adjustments as may be appropriate under the circumstances; provided, that the number of shares subject to any Award or grant always shall be a whole number.

- **Termination and Amendment.** The Board may terminate or amend the Plan or any portion thereof at any time and the Committee may amend the Plan to the extent provided in Section 3, without approval of the stockholders of the Company, unless stockholder approval is required by Rule 16b-3 of the Exchange Act, applicable stock exchange or NASDAQ or other quotation system rules, applicable Code provisions, or other applicable laws or regulations. No amendment, termination or modification of the Plan shall affect any Award theretofore granted in any material adverse way without the consent of the recipient.

- **Severability.** If any of the terms or provisions of this Plan, or Awards made under this Plan, conflict with the requirements of Section 162(m) or Section 422 of the Code with respect to Awards subject to or governed by Section 162(m) or Section 422 of the Code, then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of Section 162(m) or Section 422 of the Code. With respect to an Incentive Stock Option, if this Plan does not contain any provision required to be included herein under Section 422 of the Code (as the same shall be amended from time to time), such provision shall be

deemed to be incorporated herein with the same force and effect as if such provision had been set out herein. If any provision of the Plan is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and the Plan shall be reformed, construed and enforced in such jurisdiction so as to best give effect to the intent of the Company under the Plan.

- **Effect on Other Plans.** Participation in this Plan shall not affect an employee's eligibility to participate in any other benefit or incentive plan of the Company or any Subsidiary and any Awards made pursuant to this Plan shall not be used in determining the benefits provided under any other plan of the Company or any Subsidiary unless specifically provided.

- **Effective Date of the Plan.** The Plan originally became effective on October 14, 2003 (the "Effective Date"). The Plan, as amended and restated herein, shall be effective as of October 31, 2006 (the "Restated Effective Date"), subject to approval of the stockholders of the Company to the extent required by applicable Code provisions or other applicable law.

- **Governing Law.** This Plan and all agreements executed in connection with the Plan shall be governed by, and construed in accordance with, the laws of the State of Nevada, without regard to its conflicts of law doctrine.

- **Gender and Number.** Words denoting the masculine gender shall include the feminine gender, and words denoting the feminine gender shall include the masculine gender. Words in the plural shall include the singular, and the singular shall include the plural.

- **Acceleration of Exercisability and Vesting.** The Committee shall have the power to accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Award stating the time at which it may first be exercised or the time during which it will vest.

- **Modification of Awards.** Within the limitations of the Plan and subject to Sections 22 and 35, the Committee may modify outstanding Awards or accept the cancellation of outstanding Awards for the granting of new Awards in substitution therefor. Notwithstanding the preceding sentence, except for any adjustment described in Section 22 or 35, no modification of an Award shall, without the consent of the Participant, alter or impair any rights or obligations under any Award previously granted under the Plan in any material adverse way without the affected Participant's consent. For purposes of the preceding sentence, any modification to any of the following terms or conditions of an outstanding unexercised Award or grant shall be deemed to be a material modification: (i) the number of shares of Common Stock covered by such Award or grant, (ii) the exercise or other applicable price or Fair Market Value determination related to such Award or grant, (iii) the period of time within which the Award or grant vests and is exercisable and the terms and conditions of such vesting and exercise, (iv) the type of Award or Stock Option, and (v) the restrictions on transferability of the Award or grant and of any shares of Common Stock issued in connection with such Award or grant (including the Company's right of repurchase, if any).

- **No Strict Construction.** No rule of strict construction shall be applied against the Company, the Committee, or any other person in the interpretation of any of the terms of the Plan, any agreement executed in connection with the Plan, any Award granted under the Plan, or any rule, regulation or procedure established by the Committee.

- **Successors.** This Plan is binding on and will inure to the benefit of any successor to the Company, whether by way of merger, consolidation, purchase, or otherwise.

- **Plan Provisions Control.** The terms of the Plan govern all Awards granted under the Plan, and in no event will the Committee have the power to grant any Award under the Plan which is contrary to any of the provisions of the Plan. In the event any provision of any Award granted under the Plan shall conflict with any term in the Plan, the term in the Plan shall control.

- **Headings.** The headings used in the Plan are for convenience only, do not constitute a part of the Plan, and shall not be deemed to limit, characterize, or affect in any way any provisions of the Plan, and all provisions of the Plan shall be construed as if no captions had been used in the Plan.

- **Merger or Asset Sale.** In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, any surviving or acquiring entity shall, subject to the approval of the Board, assume any Awards outstanding under the Plan or substitute equivalent Awards (including an Award to acquire the same consideration paid to the stockholders in the Change in Control transaction for those Awards outstanding under the Plan). In the event any surviving or acquiring entity refuses, prior to the completion of such merger or sale, or fails as of the date of such event to assume such Awards or to substitute equivalent Awards for those outstanding under the Plan, or if the Board does not approve such assumption or substitution, then, with respect to all outstanding Awards held by Participants as of the date of completion of the merger or sale, and notwithstanding anything to the contrary in the Plan or any Award agreement, (i) the vesting and exercisability of such Awards shall be accelerated in full (provided such Awards have not already terminated or expired), and (ii) Participants will be permitted to surrender for cancellation within sixty (60) days after such merger or sale any Stock Option or portion of a Stock Option to the extent not yet exercised, and the Participant will be entitled to receive a cash payment in an amount equal to the excess, in any, of (x) the greater of the Fair Market Value, on the date of surrender, of the shares subject to the Option or portion thereof surrendered over (y) the aggregate exercise price for such shares under the Option; provided however, that in the case of an Option granted within six (6) months prior to the date of such merger or sale to any Participant who may be subject to liability under Section 16(b) of the Exchange Act, such Participant shall be entitled to surrender for cancellation such Participant's Option during the sixty (60) day period commencing upon the expiration of six (6) months from the date of grant of any such Stock Option.

TABLE OF CONTENTS

SECTION 1. PURPOSE.	1
SECTION 2. DEFINITIONS.	1
SECTION 3. ADMINISTRATION.	3
SECTION 4. COMMON STOCK SUBJECT TO THE PLAN.	4
SECTION 5. ELIGIBILITY TO RECEIVE AWARDS.	5
SECTION 6. STOCK OPTIONS.	5
SECTION 7. STOCK APPRECIATION RIGHTS.	8
SECTION 8. RESTRICTED STOCK AWARDS.	9
SECTION 9. STOCK BONUS AWARDS.	10
SECTION 10. DEFERRED STOCK AWARDS.	11
SECTION 11. OTHER STOCK-BASED AWARDS.	12
SECTION 12. LOANS.	12
SECTION 13. SECURITIES LAW REQUIREMENTS.	13
SECTION 14. RESTRICTIONS ON TRANSFER; REPRESENTATIONS OF PARTICIPANT; LEGENDS.	
13	
SECTION 15. SINGLE OR MULTIPLE AGREEMENTS.	14
SECTION 16. RIGHTS OF A STOCKHOLDER.	14
SECTION 17. NO RIGHT TO CONTINUE EMPLOYMENT OR SERVICE.	14
SECTION 28. WITHHOLDING.	14
SECTION 19. INDEMNIFICATION.	14
SECTION 20. NON-ASSIGNABILITY.	15
SECTION 21. NONUNIFORM DETERMINATIONS.	15
SECTION 22. ADJUSTMENTS.	15
SECTION 23. TERMINATION AND AMENDMENT.	16
SECTION 24. SEVERABILITY.	16
SECTION 25. EFFECT ON OTHER PLANS.	16
SECTION 26. EFFECTIVE DATE OF THE PLAN.	16
SECTION 27. GOVERNING LAW.	16
SECTION 28. GENDER AND NUMBER.	16
SECTION 29. ACCELERATION OF EXERCISABILITY AND VESTING	17
SECTION 30. MODIFICATION OF AWARDS	17
SECTION 31. NO STRICT CONSTRUCTION	17
SECTION 32. SUCCESSORS	17
SECTION 33. PLAN PROVISIONS CONTROL	17
SECTION 34. HEADINGS	17
SECTION 35. MERGER OR ASSET SALE	17

NEOGENOMICS, INC.
EMPLOYEE STOCK PURCHASE PLAN
As Approved on October 31, 2006

1. PURPOSE.

(a) The purpose of the Plan is to provide a means by which Employees of the Company and certain designated Affiliates may be given an opportunity to purchase Shares of the Company.

(b) The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates.

(c) The Company intends that the Rights to purchase Shares granted under the Plan be considered options issued under an "employee stock purchase plan," as that term is defined in Section 423(b) of the Code.

2. DEFINITIONS.

(a) "Adjusted Diluted Outstanding Shares" means on any given measurement date, the basic common shares outstanding plus that number of shares that would be issued if all convertible debt, convertible preferred equity securities and warrants were assumed to be converted into common stock on the measurement date.

(b) "Affiliate" means any parent corporation or subsidiary corporation, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(c) "Board" means the Board of Directors of the Company.

(d) "Calculation Date" means the last day of each fiscal year of the Company.

(e) "Code" means the United States Internal Revenue Code of 1986, as amended.

(f) "Committee" means a Committee appointed by the Board in accordance with subsection 3(c) of the Plan.

(g) "Company" means Neogenomics, Inc., a Nevada corporation.

(h) "Director" means a member of the Board.

(i) "Earnings" means, unless otherwise defined with respect to a particular Offering, an Employee's wages, salary and other taxable cash compensation from the Company or an Affiliate, as applicable.

(j) "Eligible Employee" means an Employee who meets the requirements set forth in the Offering for eligibility to participate in the Offering.

(k) "Employee" means any person, including Officers and Directors, employed by the Company or an Affiliate of the Company. Neither service as a Director nor payment of a

director's fee shall be sufficient to constitute "employment" by the Company or the Affiliate.

(l) "Employee Stock Purchase Plan" means a plan that grants rights intended to be options issued under an "employee stock purchase plan," as that term is defined in Section 423(b) of the Code.

(m) "Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

(n) "Fair Market Value" means, as of any applicable date: (i) if the Shares are listed on a national securities exchange or is authorized for quotation on The Nasdaq National Market System ("NMS"), the closing price, regular way, of a Share on such exchange or NMS, as the case may be, on such date or if no sale of the Shares shall have occurred on such date, on the next preceding date on which there was such a reported sale; or (ii) if the Shares are not listed for trading on a national securities exchange or authorized for quotation on NMS, the closing bid price as reported by The Nasdaq SmallCap Market on such date, or if no such price shall have been reported for such date, on the next preceding date for which such price was so reported; or (iii) if the Shares are not listed for trading on a national securities exchange or authorized for quotation on NMS or The Nasdaq SmallCap Market (if applicable), the last reported bid price published in the "pink sheets" or displayed on the National Association of Securities Dealers, Inc. ("NASD") Electronic Bulletin Board, as the case may be; or (iv) if the Shares are not listed for trading on a national securities exchange, are not authorized for quotation on NMS or The Nasdaq SmallCap Market and are not published in the "pink sheets" or displayed on the NASD Electronic Bulletin Board, the fair market value of the Shares as determined in good faith under procedures established by the Board which determination shall be final and binding on all Participants.

(o) "Non-Employee Director" means a Director who either (i) is not a current Employee or Officer of the Company or its parent or subsidiary, does not receive compensation (directly or indirectly) from the Company or its parent or subsidiary for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("Regulation S-K")), does not possess an interest in any other transaction as to which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

(p) "Offering" means the grant of Rights to purchase Shares under the Plan to Eligible Employees.

(q) "Offering Date" means a date selected by the Board for an Offering to commence.

(r) "Outside Director" means a Director who either (i) is not a current employee of the Company or an "affiliated corporation" (within the meaning of the Treasury regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an "affiliated corporation" receiving compensation for prior services (other than benefits under a tax qualified pension plan), was not an officer of the Company or an "affiliated corporation" at any time, and is not currently receiving direct or indirect remuneration from the Company or an "affiliated corporation" for services in any capacity other than as a Director, or (ii) is otherwise considered an "outside director" for purposes of Section 162(m) of the Code.

(s) "Participant" means an Eligible Employee who holds an outstanding Right granted

pursuant to the Plan or, if applicable, such other person who holds an outstanding Right granted under the Plan.

(t) "Plan" means this 2006 Employee Stock Purchase Plan, as it may be amended from time to time.

(u) "Purchase Date" means one or more dates established by the Board during an Offering on which Rights granted under the Plan shall be exercised and purchases of Shares carried out in accordance with such Offering.

(v) "Right" means an option to purchase Shares granted pursuant to the Plan.

(w) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3 as in effect with respect to the Company at the time discretion is being exercised regarding the Plan.

(x) "Securities Act" means the United States Securities Act of 1933, as amended.

(y) "Share" means a share of the common stock of the Company.

3. ADMINISTRATION.

(a) The Board shall administer the Plan unless and until the Board delegates administration to a Committee, as provided in subsection 3(c). Whether or not the Board has delegated administration, the Board shall have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(b) The Board (or the Committee) shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine when and how Rights to purchase Shares shall be granted and the provisions of each Offering of such Rights (which need not be identical).

(ii) To designate from time to time which Affiliates of the Company shall be eligible to participate in the Plan.

(iii) To construe and interpret the Plan and Rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iv) To amend the Plan as provided in Section 14.

(v) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and its Affiliates and to carry out the intent that the Plan be treated as an Employee Stock Purchase Plan.

(c) The Board may delegate administration of the Plan to a Committee of the Board composed of two (2) or more members, all of the members of which Committee may be, in the discretion of the Board, Non-Employee Directors and/or Outside Directors. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of

the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee of two (2) or more Outside Directors any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or such a subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and reconstitute the Board the administration of the Plan.

4. SHARES SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 13 relating to adjustments upon changes in securities, the Shares that may be sold pursuant to Rights granted under the Plan shall not exceed in the aggregate 1.0% of the Adjusted Diluted Shares Outstanding at any given point in time. If any Right granted under the Plan shall for any reason terminate without having been exercised, the Shares not purchased under such Right shall again become available for the Plan.

(b) The Shares subject to the Plan may be unissued Shares or Shares that have been bought on the open market at prevailing market prices or otherwise.

5. GRANT OF RIGHTS; OFFERING.

(a) The Board may from time to time grant or provide for the grant of Rights to purchase Shares of the Company under the Plan to Eligible Employees in an Offering on an Offering Date or Dates selected by the Board. Each Offering shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate, which shall comply with the requirements of Section 423(b)(5) of the Code that all Employees granted Rights to purchase Shares under the Plan shall have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering shall include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering shall be effective, which period shall not exceed twenty-seven (27) months beginning with the Offering Date, and the substance of the provisions contained in Sections 6 through 9, inclusive. Unless the Committee provides otherwise with respect to a particular Offering, the Offering period shall be monthly.

(b) If a Participant has more than one Right outstanding under the Plan, unless he or she otherwise indicates in agreements or notices delivered hereunder: (i) each agreement or notice delivered by that Participant will be deemed to apply to all of his or her Rights under the Plan, and (ii) an earlier-granted Right (or a Right with a lower exercise price, if two Rights have identical grant dates) will be exercised to the fullest possible extent before a later-granted Right (or a Right with a higher exercise price if two Rights have identical grant dates) will be exercised.

6. ELIGIBILITY.

(a) Rights may be granted only to Employees of the Company or, as the Board may designate as provided in subsection 3(b), to Employees of an Affiliate. Unless otherwise provided as set forth below with respect to a particular Offering, all Employees of the Company shall be eligible to participate in any Offering:

(i) Except as provided in subsection 6(b), the Board may provide in an Offering that an Employee shall not be eligible to be granted Rights under the Plan unless, on the Offering Date, such Employee has been in the employ of the Company or the Affiliate, as the case may be, for such continuous period preceding such grant as the Board may require in the Offering, but in no event shall the required period of continuous employment be equal to or greater than two (2) years.

(ii) The Board may provide in an Offering that Employees whose customary employment is twenty (20) hours or less per week shall not be eligible to participate.

(iii) The Board may provide in an Offering that Employees whose customary employment is for not more than five (5) months in any calendar year shall not be eligible to participate.

(iv) The Board may provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code shall not be eligible to participate.

(b) The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Right under that Offering, which Right shall thereafter be deemed to be a part of that Offering. Such Right shall have the same characteristics as any Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Right is granted shall be the "Offering Date" of such Right for all purposes, including determination of the purchase price of such Right;

(ii) the period of the Offering with respect to such Right shall begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Right under that Offering.

(c) No Employee shall be eligible for the grant of any Rights under the Plan if, immediately after any such Rights are granted, such Employee owns stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Affiliate. For purposes of this subsection 6(c), the rules of Section 424(d) of the Code shall apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding rights and options shall be treated as stock owned by such Employee.

(d) An Eligible Employee may be granted Rights under the Plan only if such Rights, together with any other Rights granted under all Employee Stock Purchase Plans of the Company and any Affiliates, as specified by Section 423(b)(8) of the Code, do not permit such Eligible Employee's rights to purchase Shares of the Company or any Affiliate to accrue at a rate which exceeds twenty five thousand dollars (\$25,000) of the Fair Market Value of such Shares (determined at the time such Rights are granted) for each calendar year in which such Rights are outstanding at any time.

7. RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, shall be granted the Right to purchase up to the number of Shares purchasable either:

(i) unless a different percentage is designated by the Board with respect to a particular Offering, with a percentage not exceeding ten percent (10.0%) of such Employee's Earnings during the period which begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date shall be no later than the end of the Offering; or

(ii) with a maximum dollar amount designated by the Board that, as the Board determines for a particular Offering, (1) shall be withheld, in whole or in part, from such Employee's Earnings during the period which begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date shall be no later than the end of the Offering, and/or (2) shall be contributed, in whole or in part, by such Employee during such period.

(b) The Board shall establish one or more Purchase Dates during an Offering on which Rights granted under the Plan shall be exercised and purchases of Shares carried out in accordance with such Offering. Unless the Board provides otherwise with respect to a particular Offering, the Purchase Date shall be the last business day of the applicable Offering period.

(c) In connection with each Offering made under the Plan, the Board may specify a maximum amount of Shares that may be purchased by any Participant as well as a maximum aggregate amount of Shares that may be purchased by all Participants pursuant to such Offering. In addition, in connection with each Offering that contains more than one Purchase Date, the Board may specify a maximum aggregate amount of Shares which may be purchased by all Participants on any given Purchase Date under the Offering. If the aggregate purchase of Shares upon exercise of Rights granted under the Offering would exceed any such maximum aggregate amount, the Board shall make a pro rata allocation of the Shares available in as nearly a uniform manner as shall be practicable and as it shall deem to be equitable.

(d) The purchase price of Shares acquired pursuant to Rights granted under the Plan shall be not less than the lesser of:

(i) an amount equal to ninety-five percent (95%) of the Fair Market Value of the Shares on the Offering Date; or

(ii) an amount equal to ninety-five percent (95%) of the Fair Market Value of the Shares on the Purchase Date.

8. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An Eligible Employee may become a Participant in the Plan pursuant to an Offering by delivering a participation agreement to the Company within the time specified in the Offering, in such form as the Company provides. Each such agreement shall authorize payroll deductions of up to the maximum percentage specified by the Board of such Employee's Earnings during the Offering (as defined in each Offering). The payroll deductions made for each Participant shall be credited to a bookkeeping account for such Participant under the Plan and either may be deposited with the general funds of the Company or may be deposited in a separate account in the name of, and for the benefit of, such Participant with a financial institution designated by the

Company. To the extent provided in the Offering, a Participant may reduce (including to zero) or increase such payroll deductions. To the extent provided in the Offering, a Participant may begin such payroll deductions after the beginning of the Offering. A Participant may make additional payments into his or her account only if specifically provided for in the Offering and only if the Participant has not already had the maximum permitted amount withheld during the Offering.

(b) At any time during an Offering, a Participant may terminate his or her payroll deductions under the Plan and withdraw from the Offering by delivering to the Company a notice of withdrawal in such form as the Company provides. Such withdrawal may be elected at any time prior to the end of the Offering except as provided by the Board in the Offering. Upon such withdrawal from the Offering by a Participant, the Company shall distribute to such Participant all of his or her accumulated payroll deductions (reduced to the extent, if any, such deductions have been used to acquire Shares for the Participant) under the Offering, without interest unless otherwise specified in the Offering, and such Participant's interest in that Offering shall be automatically terminated. A Participant's withdrawal from an Offering will have no effect upon such Participant's eligibility to participate in any other Offerings under the Plan but such Participant will be required to deliver a new participation agreement in order to participate in subsequent Offerings under the Plan.

(c) Rights granted pursuant to any Offering under the Plan shall terminate immediately upon cessation of any participating Employee's employment with the Company or a designated Affiliate for any reason (subject to any post-employment participation period required by law) or other lack of eligibility. The Company shall distribute to such terminated Employee all of his or her accumulated payroll deductions (reduced to the extent, if any, such deductions have been used to acquire Shares for the terminated Employee) under the Offering, without interest unless otherwise specified in the Offering. If the accumulated payroll deductions have been deposited with the Company's general funds, then the distribution shall be made from the general funds of the Company, without interest. If the accumulated payroll deductions have been deposited in a separate account with a financial institution as provided in subsection 8(a), then the distribution shall be made from the separate account, without interest unless otherwise specified in the Offering.

(d) Rights granted under the Plan shall not be transferable by a Participant otherwise than by will or the laws of descent and distribution, or by a beneficiary designation as provided in Section 15 and, otherwise during his or her lifetime, shall be exercisable only by the person to whom such Rights are granted.

9. EXERCISE.

(a) On each Purchase Date specified therefor in the relevant Offering, each Participant's accumulated payroll deductions and other additional payments specifically provided for in the Offering (without any increase for interest) will be applied to the purchase of Shares up to the maximum amount of Shares permitted pursuant to the terms of the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional Shares shall be issued upon the exercise of Rights granted under the Plan unless specifically provided for in the Offering.

(b) Unless otherwise specifically provided in the Offering, the amount, if any, of accumulated payroll deductions remaining in any Participant's account after the purchase of Shares that is equal to the amount required to purchase one or more whole Shares on the final Purchase Date

of the Offering shall be distributed in full to the Participant at the end of the Offering, without interest. If the accumulated payroll deductions have been deposited with the Company's general funds, then the distribution shall be made from the general funds of the Company, without interest. If the accumulated payroll deductions have been deposited in a separate account with a financial institution as provided in subsection 8(a), then the distribution shall be made from the separate account, without interest unless otherwise specified in the Offering.

(c) No Rights granted under the Plan may be exercised to any extent unless the Shares to be issued upon such exercise under the Plan (including Rights granted thereunder) are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable state, foreign and other securities and other laws applicable to the Plan. If on a Purchase Date in any Offering hereunder the Plan is not so registered or in such compliance, no Rights granted under the Plan or any Offering shall be exercised on such Purchase Date, and the Purchase Date shall be delayed until the Plan is subject to such an effective registration statement and such compliance, except that the Purchase Date shall not be delayed more than twelve (12) months and the Purchase Date shall in no event be more than twenty-seven (27) months from the Offering Date. If, on the Purchase Date of any Offering hereunder, as delayed to the maximum extent permissible, the Plan is not registered and in such compliance, no Rights granted under the Plan or any Offering shall be exercised and all payroll deductions accumulated during the Offering (reduced to the extent, if any, such deductions have been used to acquire Shares) shall be distributed to the Participants, without interest unless otherwise specified in the Offering. If the accumulated payroll deductions have been deposited with the Company's general funds, then the distribution shall be made from the general funds of the Company, without interest. If the accumulated payroll deductions have been deposited in a separate account with a financial institution as provided in subsection 8(a), then the distribution shall be made from the separate account, without interest unless otherwise specified in the Offering.

10. COVENANTS OF THE COMPANY.

(a) During the terms of the Rights granted under the Plan, the Company shall ensure that the amount of Shares required to satisfy such Rights are available.

(b) The Company shall seek to obtain from each federal, state, foreign or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to issue and sell Shares upon exercise of the Rights granted under the Plan. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Shares under the Plan, the Company shall be relieved from any liability for failure to issue and sell Shares upon exercise of such Rights unless and until such authority is obtained.

11. USE OF PROCEEDS FROM SHARES.

Proceeds from the sale of Shares pursuant to Rights granted under the Plan shall constitute general funds of the Company.

12. RIGHTS AS A STOCKHOLDER.

A Participant shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, Shares subject to Rights granted under the Plan unless and until the Participant's Shares acquired upon exercise of Rights under the Plan are recorded in the books

of the Company.

13. ADJUSTMENTS UPON CHANGES IN SECURITIES.

(a) If any change is made in the Shares subject to the Plan, or subject to any Right, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan will be appropriately and equitably adjusted in the class(es) and maximum number of Shares subject to the Plan pursuant to subsection 4(a), and the outstanding Rights will be appropriately and equitably adjusted in the class(es), number of Shares and purchase limits of such outstanding Rights. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a transaction that does not involve the receipt of consideration by the Company.)

(b) In the event of: (i) a dissolution, liquidation, or sale of all or substantially all of the assets of the Company; (ii) a merger or consolidation in which the Company is not the surviving corporation; or (iii) a reverse merger in which the Company is the surviving corporation but the Shares outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, then: (1) any surviving or acquiring corporation shall assume Rights outstanding under the Plan or shall substitute similar rights (including a right to acquire the same consideration paid to Stockholders in the transaction described in this subsection 13(b)) for those outstanding under the Plan, or (2) in the event any surviving or acquiring corporation refuses to assume such Rights or to substitute similar rights for those outstanding under the Plan, then, as determined by the Board in its sole discretion, such Rights may continue in full force and effect, the Offering may be terminated and accumulated payroll deductions refunded to the Participants, or the Participants' accumulated payroll deductions (exclusive of any accumulated interest which cannot be applied toward the purchase of Shares under the terms of the Offering) may be used to purchase Shares immediately prior to the transaction described above under the ongoing Offering and the Participants' Rights under the ongoing Offering thereafter terminated.

14. AMENDMENT OF THE PLAN.

(a) The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 13 relating to adjustments upon changes in securities and except as to minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favorable tax, exchange control or regulatory treatment for Participants or the Company or any Affiliate, no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary for the Plan to satisfy the requirements of Section 423 of the Code, Rule 16b-3 under the Exchange Act and any Nasdaq or other securities exchange listing requirements.

(b) It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Employee Stock Purchase Plans and/or to bring the Plan and/or Rights granted under it into compliance therewith.

(c) Rights and obligations under any Rights granted before amendment of the Plan shall not

be impaired by any amendment of the Plan, except with the consent of the person to whom such Rights were granted, or except as necessary to comply with any laws or governmental regulations, or except as necessary to ensure that the Plan and/or Rights granted under the Plan comply with the requirements of Section 423 of the Code.

15. DESIGNATION OF BENEFICIARY.

(a) A Participant may file a written designation of a beneficiary who is to receive any Shares and/or cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to the end of an Offering but prior to delivery to the Participant of such Shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death during an Offering.

(b) The Participant may change such designation of beneficiary at any time by written notice. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board in its discretion may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate at the time that all of the Shares subject to the Plan's reserve, as increased and/or adjusted from time to time, have been issued under the terms of the Plan. No Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) Rights and obligations under any Rights granted while the Plan is in effect shall not be impaired by suspension or termination of the Plan, except as expressly provided in the Plan or with the consent of the person to whom such Rights were granted, or except as necessary to comply with any laws or governmental regulation, or except as necessary to ensure that the Plan and/or Rights granted under the Plan comply with the requirements of Section 423 of the Code.

17. EFFECTIVE DATE OF PLAN.

The Plan received shareholder approval and was approved by the board of directors on October 31, 2006 and the Board has authorized offerings under the Plan beginning in January 2007.

18. GOVERNING LAW.

The law of State of Nevada, other than the conflict of laws provisions thereof, shall govern all matters relating to this Plan except to the extent superseded by the laws of the United States.

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert P. Gasparini, Principal Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of NeoGenomics, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
 4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Omitted;
 - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
 5. The small business issuer's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.
-

Date: November 17, 2006

By: /s/ Robert P. Gasparini

Name: Robert P. Gasparini

Title: President and Principal Executive Officer

*The introductory portion of paragraph 4 of the Section 302 certification that refers to the certifying officers' responsibility for establishing and maintaining internal control over financial reporting for the company, as well as paragraph 4(b), have been omitted in accordance with Release Nos. 33-8618 and 34-52492 (September 22, 2005) because the compliance period has been extended for small business issuers until the first fiscal year ending on or after July 15, 2007.

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jerome J. Dvonch, Principal Accounting Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of NeoGenomics, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
 4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Omitted;
 - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
 5. The small business issuer's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.
-

Date: November 17, 2006

By: /s/ Jerome J. Dvonch

Name: Jerome J. Dvonch

Title: Principal Accounting Officer

*The introductory portion of paragraph 4 of the Section 302 certification that refers to the certifying officers' responsibility for establishing and maintaining internal control over financial reporting for the company, as well as paragraph 4(b), have been omitted in accordance with Release Nos. 33-8618 and 34-52492 (September 22, 2005) because the compliance period has been extended for small business issuers until the first fiscal year ending on or after July 15, 2007.

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of NeoGenomics, Inc. (the "Company") on Form 10-QSB for the three and nine months ended September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert P. Gasparini, in my capacity as President and Principal Executive Officer and on the dates indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 17, 2006

/s/ Robert P. Gasparini

Name: Robert P. Gasparini

Title: President and Principal Executive Officer

A signed original of this written statement required by Section 906, or other document authentications, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of NeoGenomics, Inc. (the "Company") on Form 10-QSB for the three and nine months ended September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jerome J. Dvonch, in my capacity as Principal Accounting Officer and on the dates indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 17, 2006

/s/ Jerome J. Dvonch

Name: Jerome J. Dvonch

Title: Principal Accounting Officer

A signed original of this written statement required by Section 906, or other document authentications, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.