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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

or

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

For the transition period from _____ to _____

Commission File Number: 001-35756

NEOGENOMICS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**74-2897368**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
12701 Commonwealth Drive, Suite 9, Fort Myers, Florida	**33913**
(Address of principal executive offices)	**(Zip Code)**

(239) 768-0600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock ($0.001 par value)	NEO	NASDAQ

As of May 3, 2019, the registrant had 95,341,186 shares of Common Stock, par value $0.001 per share outstanding.

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FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-Q contains "forward-looking statements" and information within the meaning of Section 27A of the Securities Act of 1933, as amended, or the "Securities Act", and Section 21E of the Securities Exchange Act of 1934, as amended, or the "Exchange Act", which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, changing reimbursement levels from government payers and private insurers, projected costs, prospects and plans and objectives of management. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties that could cause our actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the risks set forth in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission "SEC" on February 26, 2019 and as amended and filed with the SEC on May 8, 2019.

Forward-looking statements include, but are not limited to, statements about:

- Our ability to respond to rapid scientific change;
- The risk of liability in conducting clinical trials and the sufficiency of our insurance to cover such claims;
- Our ability to implement our business strategy;
- The expected reimbursement levels from governmental payers and private insurers and proposed changes to those levels;
- The application, to our business and the services we provide, of existing laws, rules and regulations, including withoutlimitation, Medicare laws, anti-kickback laws, Health Insurance Portability and Accountability Act of 1996 regulations, state medical privacy laws, federal and state false claims laws and corporate practice of medicine laws;
- Regulatory developments in the United States including downward pressure on health care reimbursement;
- Our ability to maintain our license under the Clinical Laboratory Improvement Amendments of 1988 ("CLIA");
- Food and Drug Administration, or FDA regulation of Laboratory Developed Tests ("LDTs");
- Failure to timely or accurately bill for our services;
- Our ability to expand our operations and increase our market share;
- Our ability to expand our service offerings by adding new testing capabilities;
- Our ability to meet our future capital requirements;
- The impact of internalization of testing by customers;
- Our ability to manage our indebtedness;
- Our ability to protect our intellectual property from infringement;
- Our ability to successfully integrate Genoptix into NeoGenomics including consolidating systems and facilities;
- Our ability to integrate future acquisitions and costs related to such acquisitions;
- The effects of seasonality on our business;
- Our ability to maintain service levels and compete with other diagnostic laboratories;
- Our ability to hire and retain sufficient managerial, sales, clinical and other personnel to meet our needs;
- Our ability to successfully scale our business, including expanding our facilities, our backup systems and infrastructure;
- Our handling, storage and disposal of biological and hazardous materials;
- The accuracy of our estimates regarding reimbursement, expenses, future revenues and capital requirements; and
- Our ability to manage expenses and risks associated with international operations, including anti-corruption and trade sanction laws and other regulations, and economic, political, legal and other operational risks associated with foreign jurisdictions.

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.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NEOGENOMICS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(unaudited)

ASSETS	March 31, 2019	December 31, 2018
Current assets		
Cash and cash equivalents	$ 13,195	$ 9,811
Accounts receivable, net	82,585	76,919
Inventories	9,670	8,650
Prepaid assets	7,504	7,727
Other current assets	2,991	561
Total current assets	115,945	103,668
Property and equipment (net of accumulated depreciation and amortization of $54,512 and $50,127, respectively)	60,696	60,888
Operating lease right-of-use assets	19,734	—
Intangible assets, net	137,844	140,029
Goodwill	196,298	197,892
Other assets	2,826	2,538
Total assets	$ 533,343	$ 505,015
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	16,514	17,779
Accrued compensation	18,851	19,062
Accrued expenses and other current liabilities	18,327	8,986
Current portion of finance leases and obligations	6,501	6,298
Current portion of operating lease liabilities	3,620	—
Current portion of loans	7,873	7,873
Pharma contract liability	1,017	927
Total current liabilities	72,703	60,925
Long-term liabilities		
Long-term portion of finance leases and obligations	5,253	5,250
Long-term portion of operating lease liabilities	16,648	—
Long-term portion of loans, net	85,995	87,880
Revolving credit facility	5,000	5,000
Other long term liabilities	3,740	3,060
Deferred income tax liability, net	20,156	22,457
Total long-term liabilities	136,792	123,647
Total liabilities	209,495	184,572
Commitments and contingencies - see Note L		
Stockholders' equity		
Common stock, $0.001 par value, (250,000,000 shares authorized; 95,303,510 and 94,465,440 shares issued and outstanding, respectively)	95	94
Additional paid-in capital	378,571	372,186
Accumulated other comprehensive income (loss)	(1,136)	(579)
Accumulated deficit	(53,682)	(51,258)
Total stockholders' equity	323,848	320,443
Total liabilities and stockholders' equity	$ 533,343	$ 505,015

See notes to unaudited consolidated financial statements.

NEOGENOMICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2019	**2018**
NET REVENUE		
Clinical Services	$ 86,210	$ 56,971
Pharma Services	9,367	6,452
Total Revenue	95,577	63,423
COST OF REVENUE	48,462	36,120
GROSS PROFIT	47,115	27,303
Operating expenses:		
General and administrative	32,142	17,067
Research and development	1,209	956
Sales and marketing	11,216	6,775
Total operating expenses	44,567	24,798
INCOME FROM OPERATIONS	2,548	2,505
Interest expense, net	1,826	1,486
Other expense (income)	5,169	(63)
Income (loss) before taxes	(4,447)	1,082
Income tax (benefit) expense	(2,023)	438
NET INCOME (LOSS)	(2,424)	644
Deemed dividends on preferred stock	—	1,003
Amortization of preferred stock beneficial conversion feature	—	1,853
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (2,424)	$ (2,212)
INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS		
Basic	$ (0.03)	$ (0.03)
Diluted	$ (0.03)	$ (0.03)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	94,740	80,507
Diluted	94,740	80,507

See notes to unaudited consolidated financial statements.

NEOGENOMICS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2019	**2018**
NET INCOME (LOSS)	$ (2,424)	$ 644
OTHER COMPREHENSIVE INCOME:		
Foreign currency translation adjustments	—	(124)
(Loss) gain on effective cash flow hedges	(557)	623
Total other comprehensive (loss) income	(557)	499
COMPREHENSIVE INCOME (LOSS)	$ (2,981)	$ 1,143

See notes to unaudited consolidated financial statements.

NEOGENOMICS, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(unaudited)

	Series A Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Total
Balance, January 1, 2018	6,864,000	$ 32,615	80,462,574	$ 80	$ 230,030	$ 274	$ (58,422)	$ 171,962
Common stock issuance ESPP Plan	—	—	38,620	—	267	—	—	267
Stock issuance fees and expenses	—	—	—	—	(97)	—	—	(97)
Foreign currency translation adjustments	—	—	—	—	—	(45)	—	(45)
Gain on effective cash flow hedge	—	—	—	—	—	270	—	270
Issuance of common stock for stock options	—	—	67,259	1	215	—	—	216
Deemed dividends on preferred stock	—	1,003	—	—	—	—	(1,003)	(1,003)
Amortization of beneficial conversion feature	—	1,853	—	—	—	—	(1,853)	(1,853)
ESPP expense	—	—	—	—	54	—	—	54
Stock based compensation expense - options and restricted stock	—	—	—	—	1,570	—	—	1,570
Net income	—	—	—	—	—	—	644	$ 644
Balance, March 31, 2018	6,864,000	$ 35,471	80,568,453	$ 81	$ 232,039	$ 499	$ (60,634)	171,985
Balance, December 31, 2018	—	$ —	94,465,440	$ 94	$ 372,186	$ (579)	$ (51,258)	$ 320,443
Common stock issuance ESPP Plan	—	—	36,032	—	419	—	—	419
Stock issuance fees and expenses	—	—	—	—	(66)	—	—	(66)
Loss on effective cash flow hedge	—	—	—	—	—	(557)	—	(557)
Issuance of restricted stock	—	—	182,502	—	—	—	—	—
Issuance of common stock for stock options	—	—	619,536	1	3,893	—	—	3,894
ESPP expense	—	—	—	—	119	—	—	119
Stock based compensation expense - options and restricted stock	—	—	—	—	2,020	—	—	2,020
Net loss	—	—	—	—	—	—	(2,424)	(2,424)
Balance, March 31, 2019	—	$ —	95,303,510	$ 95	$ 378,571	$ (1,136)	$ (53,682)	$ 323,848

See notes to unaudited consolidated financial statements

NEOGENOMICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
CASH FLOWS FROM OPERATING ACTIVITIES	**2019**	**2018**
Net (loss) income	$ (2,424)	$ 644
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	5,271	3,633
Amortization of intangibles	2,559	1,413
Amortization of debt issue costs	150	113
Loss (gain) on disposal of assets	156	(7)
Non-cash stock based compensation	2,139	1,624
Non-cash operating lease expenses	1,141	—
Changes in assets and liabilities, net:		
Accounts receivable, net	(5,795)	2,299
Inventories	(1,019)	(41)
Prepaid expenses	(250)	(1,990)
Other current assets	(265)	(158)
Accounts payable, accrued and other liabilities	4,434	6,782
Net cash provided by operating activities	6,097	14,312
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,196)	(4,666)
Net cash used in investing activities	(3,196)	(4,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of equipment and other loans	(1,797)	(1,394)
Repayment of term loan	(1,968)	(6,338)
Issuance of common stock, net	4,248	483
Net cash provided by (used in) financing activities	483	(7,249)
Effects of foreign exchange rate changes on cash and cash equivalents	—	(45)
Net change in cash and cash equivalents	3,384	2,352
Cash and cash equivalents, beginning of period	9,811	12,821
Cash and cash equivalents, end of period	$ 13,195	$ 15,173
Supplemental disclosure of cash flow information:		
Interest paid	$ 1,696	$ 1,396
Income taxes paid, net	$ 8	$ 7
Supplemental disclosure of non-cash investing and financing information:		
Equipment acquired under loan obligations	$ 2,003	$ 3,355
Property and equipment included in accounts payable	$ 1,175	$ 660

See notes to unaudited consolidated financial statements

Note A – Nature of Business and Basis of Presentation

NeoGenomics, Inc., a Nevada corporation and its subsidiaries (the "Parent", "Company", or "NeoGenomics"), operates as a certified high complexity clinical laboratory in accordance with the federal government's Clinical Laboratory Improvement Act, as amended ("CLIA"), and is dedicated to the delivery of clinical diagnostic services to pathologists, oncologists, urologists, hospitals, and other laboratories as well as providing clinical trial services to pharmaceutical firms.

The accompanying interim consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. These accompanying consolidated financial statements include the accounts of the Parent and its subsidiaries. All intercompany transactions and balances have been eliminated in the accompanying consolidated financial statements.

Certain information and footnote disclosures normally included in the Company's annual audited consolidated financial statements and accompanying notes have been condensed or omitted in these accompanying interim consolidated financial statements and footnotes. Accordingly, the accompanying interim consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's annual report on Form 10-K for the year ended December 31, 2018. The year-end consolidated balance sheet information has been derived from our audited consolidated financial statements in the annual report as of December 31, 2018, but does not include all the disclosures required by accounting principles.

The results of operations presented in this quarterly report on Form 10-Q are not necessarily indicative of the results of operations that may be expected for any future periods. In the opinion of management, these unaudited consolidated financial statements include all adjustments and accruals, consisting only of normal, recurring adjustments that are necessary for a fair statement of the results of all interim periods reported herein.

The Company reports its activities in two operating segments; the Clinical Services Segment and the Pharma Services Segment. These reportable segments deliver testing services to hospitals, pathologists, oncologists, clinicians, pharmaceutical firms and researchers and represent 100% of the Company's consolidated assets, net revenues and net income (loss) for each period presented. For further financial information about these segments, see Note N.

Note B – Recently Adopted and Issued Accounting Guidance

Adopted

Effective January 1, 2019, the Company adopted the new lease accounting standard using the modified retrospective method and using the optional transition method to apply the new lease accounting standard prospectively as of January 1, 2019, rather than as of the earliest period presented. Therefore, the adoption of the new lease accounting standard did not change our previous reported financial statements. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard. This allowed the Company to carry forward the historical lease classification and not reassess whether a contract is or contains a lease, or determination of initial direct costs. Adoption of this standard resulted in the recording of net operating lease right-of-use ("ROU") assets of $9.7 million and corresponding operating lease liabilities of $10.1 million. We elected the practical expedient that allows lessees to treat the lease and non-lease components of leases as a single lease component. Additionally, we elected the hindsight practical expedient to determine the reasonably certain lease terms for existing leases. The adoption did not materially impact the Company's Consolidated Statements of Operations or Cash Flows. Refer to Note C herein for further details regarding the impact of the adoption of Topic 842 and other information related to the Company's lease portfolio.

Issued

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*: *Measurement of Credit Losses on Financial Instruments*, which modifies the measurement and recognition of credit losses for most financial assets and certain other instruments. The new standard requires the use of forward-looking expected credit loss models based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount, which may result in earlier recognition of credit losses under the new standard. This new standard also requires that credit losses related to available-for-sale debt securities be recorded as an allowance through net income rather than reducing the carrying amount under the current, other-than-temporary-impairment model. The standard is effective for public business entities for annual periods beginning after December 15, 2019, and interim periods within those years. The Company plans to implement the new standard in the first quarter of 2020, and is in the process of reviewing its credit loss models to assess the impact of the adoption of the standard on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04 *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairmen*. This new guidance eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. ASU 2017-14 is effective for public business entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and early adoption is permitted. The Company does not expect the impact of the adoption of the standard to have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13,*Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measuremen*, which adds and modifies certain disclosure requirements for fair value measurements. Under the new guidance, entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, or valuation processes for Level 3 fair value measurements. However, public companies will be required to disclose the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and related changes in unrealized gains and losses included in other comprehensive income. This update is effective for annual periods beginning after December 15, 2019, and interim periods within those periods, and early adoption is permitted. Certain provisions of the ASU must be adopted retrospectively, while others must be adopted prospectivelyThe Company does not expect the impact of the adoption of the standard to have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, or ASU 2018-15, that changes the accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The update aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The implementation costs should be presented as a prepaid asset on the balance sheet and expensed over the term of the hosting arrangement. The standard is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. Early adoption is permitted. The Company is in the process of assessing the impact of the adoption of the standard on its consolidated financial statements as well as whether to early adopt the new standard.

Note C – Leases

The Company is a lessee of corporate office, laboratory space, and equipment throughout the world, nearly all of which are classified as operating leases expiring at various dates. The Company determines if an arrangement qualifies as a lease at lease inception. Leases with an initial term of 12 months or less are not recorded in the balance sheet. Operating lease liabilities are recorded based on the present value of the future lease payments over the lease term, assessed as of the commencement date. The Company's real estate leases, which are comprised primarily of office and laboratory space, represent the vast majority of our operating lease liabilities and generally have a lease term between 1 and 10 years. The remaining leases consist primarily of machinery and equipment used in the lab and office equipment, each with various lease terms. The vast majority of the Company's leases are comprised of fixed lease payments. Certain real estate leases also include executory costs such as common area maintenance (non-lease component), as well as property insurance and property taxes (non-components). Lease payments, which may include lease components, non-lease components and non-components, are included in the measurement of the Company's lease liabilities to the extent that such payments are either fixed amounts or variable amounts based on a rate or index (fixed in substance) as stipulated in the lease contract. Any actual costs in excess of such amounts are expensed as incurred as variable lease cost.

Substantially all of our operating lease agreements do not specify an implicit borrowing rate, and as such, the Company utilizes its incremental borrowing rate by lease term in order to calculate the present value of our future lease payments. The discount rate represents a risk-adjusted rate on a secured basis, and is the rate at which the Company would borrow funds to satisfy the scheduled lease liability payment streams commensurate with the lease term. On January 1, 2019, the discount rate used on existing leases at adoption was determined based on the remaining lease term using available data as of that date. For new or renewed leases starting in 2019, the discount rate is determined using available data at lease commencement and based on the lease term.

Some of the Company's lease agreements, primarily related to real estate, include options for the Company to either renew (extend) or early terminate the lease. Leases with renewal options allow the Company to extend the lease term typically between 1 and 5 years. Renewal options are reviewed at lease commencement to determine if such options are reasonably certain of being exercised, which could impact the lease term. When determining if a renewal option is reasonably certain of being exercised, the Company considers several factors, including but not limited to, the significance of leasehold improvements incurred on the property, whether the asset is difficult to replace, or specific characteristics unique to the particular lease that would make it reasonably certain that we would exercise such option. In most cases, the Company has concluded that renewal and early termination options are not reasonably certain of being exercised by the Company (and thus not included in our ROU asset and lease liability) unless there is an economic, financial or business reason to do so.

Operating Leases

For the three months ended March 31, 2019, total operating lease cost was $1.5 million, which includes an immaterial amount of variable lease cost, and is recorded in cost of revenue and general and administrative expenses, depending on the nature of the leased asset. Other than variable lease cost, operating lease cost is recognized on a straight-line basis over the lease term. The following summarizes: (i) the future minimum undiscounted lease payments under non-cancelable leases for the remainder of 2019 as well as each of the next five years and thereafter, incorporating the practical expedient to account for lease and non-lease components as a single lease component for our existing real estate leases, and (ii) a reconciliation of the undiscounted lease payments to the present value of the lease liabilities recognized as of March 31, 2019 (in thousands):

Year Ended December 31,	Operating Leases
2019 (excluding the three months ended March 31, 2019)	$ 4,043
2020	2,833
2021	2,811
2022	2,121
2023	2,032
2024	1,993
Thereafter	12,377
Total future minimum lease payments	28,210
Less imputed interest	(7,942)
Total present value of future minimum lease payments	$ 20,268

The following summarizes additional supplemental data related to our operating leases:

Three Months Ended March 31, 2019: (in thousands)	
Operating cash flows from operating leases	$ 1,257
Right-of-use assets obtained in exchange for operating lease liabilities	$ 11,169
As of March 31, 2019:	
Weighted Average Remaining Lease Term (years)	9.11
Weighted Average Discount Rate	6.4 %

Lease contracts that we have executed but which have not yet commenced as of March 31, 2019 are excluded from the tables above.

As previously disclosed in our 2018 Annual Report on Form 10-K and under the previous lease accounting standard, future minimum lease payments for operating leases having initial or remaining noncancellable lease terms in excess of one year would have been as follows (in thousands):

Years ending December 31,	
2019	$ 5,247
2020	2,798
2021	1,082
2022	453
2023	92
Thereafter	—
Total minimum lease payments	$ 9,672

Note D – Revenue Recognition and Contractual Adjustments

The Company has two operating segments for which it recognizes revenue; Clinical Services and Pharma Services. Our Clinical Services segment provides various clinical testing services to community-based pathology practices, hospital pathology labs and academic centers with reimbursement from various payers including client direct billing, commercial insurance, Medicare and other government payers, and patients. Our Pharma Services segment supports pharmaceutical firms in their drug development programs by providing testing services for clinical trials and research.

Clinical Services Revenue

The Company's specialized diagnostic services are performed based on a written test requisition form or electronic equivalent. The performance obligation is satisfied and revenues are recognized once the diagnostic services have been performed and the results have been delivered to the ordering physician. These diagnostic services are billed to various payers, including Medicare, commercial insurance companies, other directly billed healthcare institutions such as hospitals and clinics, and individuals. Revenue is recorded for all payers based on the amount expected to be collected, which considers implicit price concessions. Implicit price concessions represent differences between amounts billed and the estimated consideration the Company expects to receive based on negotiated discounts, historical collection experience and other anticipated adjustments, including anticipated payer denials. Collection of consideration the Company expects to receive typically occurs within 30 to 60 days of billing for commercial insurance, Medicare and other governmental and self-pay payers and within 60 to 90 days of billing for client payers.

Pharma Services Revenue

The Company's Pharma Services segment generally enters into contracts with pharmaceutical and biotech customers as well as other Contract Research Organizations ("CROs") to provide research and clinical trial services ranging in duration from one month to several years. The Company records revenue on a unit-of-service basis based on number of units completed and the total expected contract value. The total expected contract value is estimated based on historical experience of total contracted units compared to realized units as well as known factors on a specific contract-by-contract basis. Certain contracts include upfront fees, final settlement amounts or billing milestones that may not align with the completion of performance obligations. The value of these upfront fees or final settlement amounts is usually recognized over time based on the number of units completed, which aligns with the progress of the Company towards fulfilling its obligations under the contract.

The Company also enters into other contracts, such as validation studies, for which the sole deliverable is a final report that is sent to sponsors at the completion of contracted activities. For these contracts, revenue is recognized at a point in time upon delivery of the final report to the sponsor. Any contracts that contain multiple performance obligations and include both units-of-service and point in time deliverables are accounted for as separate performance obligations and revenue is recognized as previously disclosed. The Company negotiates billing schedules and payment terms on a contract-by-contract basis. While the contract terms generally provide for payments based on a unit-of-service arrangement, the billing schedules, payment terms and related cash payments may not align with the performance of services and, as such, may not correspond to revenue recognized in any given period.

Amounts collected in advance of services being provided are deferred as contract liabilities on the balance sheet. The associated revenue is recognized and the contract liability is reduced as the contracted services are subsequently performed. Contract assets are established for revenue that has been recognized but not yet billed. These contract assets are reduced once the customer is invoiced and a corresponding account receivable is recorded. Additionally, certain costs to obtain contracts, primarily for sales commissions, are capitalized when incurred and are amortized over the term of the contract. Amounts capitalized for contracts with an initial contract term of twelve months or less are classified as current assets and all others are classified as non-current assets.

Most contracts are terminable by the customer, either immediately or according to advance notice terms specified within the contracts. All contracts require payment of fees to the Company for services rendered through the date of termination and may require payment for subsequent services necessary to conclude the study or close out the contract.

The following table summarizes the values of contract assets, capitalized commissions and contract liabilities as of March 31, 2019 and December 31, 2018 (in thousands):

	March 31, 2019	December 31, 2018
Current pharma contract asset	$ 192	$ 86
Long-term pharma contract asset	417	268
Total pharma contract asset	$ 609	$ 354
Current pharma capitalized commissions	$ 310	$ 271
Long-term pharma capitalized commissions	766	650
Total pharma capitalized commissions	$ 1,076	$ 921
Current pharma contract liability	$ 1,017	$ 927
Long-term pharma contract liability	1,935	1,652
Total pharma contract liability	$ 2,952	$ 2,579

Pharma contract assets increased $0.3 million, or 72%, from December 31, 2018. Pharma contract liabilities increased $0.4 million, or 14%, from December 31, 2018 while capitalized commissions also increased by $0.2 million, or 17%. These increases are due to higher upfront fees driven by increases in the volume of Pharma contracts in process. Revenue recognized for the three months ended March 31, 2019 and March 31, 2018 related to Pharma contract liability balances outstanding at the beginning of the period was $1.3 million and $0.9 million, respectively. Amortization of capitalized commissions for the three months ended March 31, 2019 and March 31, 2018 were $0.2 million and $0.1 million, respectively.

Disaggregation of Revenue

The Company considered various factors for both its Clinical Services and Pharma Services segments in determining appropriate levels of homogeneous data for its disaggregation of revenue, including the nature, amount, timing and uncertainty of revenue and cash flows. For Clinical Services, the categories identified align with our type of customer due to similarities of billing method, level of reimbursement and timing of cash receipts at this level. Unbilled amounts are accrued and allocated to payor categories based on historical experience. In future periods, actual billings by payor category may differ from accrued amounts. Pharma Services revenue was not further disaggregated as substantially all of our revenue relates to contracts with large pharmaceutical and biotech customers as well as other CROs for which the nature, timing and uncertainty of revenue and cash flows is similar and primarily driven by individual contract terms.

The following table details the disaggregation of revenue for both the Clinical and Pharma Services Segments (in thousands):

	Three Months Ended March 31,	
	2019	2018
Clinical Services:		
Client direct billing	$ 49,756	$ 38,530
Commercial Insurance	20,433	10,326
Medicare and Medicaid	15,793	8,084
Self-Pay	228	31
Total Clinical Services	$ 86,210	$ 56,971
Pharma Services:	9,367	6,452
Total Revenue	$ 95,577	$ 63,423

Note E – Acquisition

On December 10, 2018 (“the Acquisition Date”), the Company acquired all of the issued and outstanding shares of common stock of Genesis Acquisition Holding Corp (“Genesis”), and its wholly owned subsidiary, Genoptix, Inc. (“Genoptix”, and collectively with its subsidiaries and Genesis, referred to herein as "Genoptix"), for a purchase price consisting of (i) cash consideration of approximately $127.0 million, which included approximately $2.0 million in estimated working capital adjustments and adjustments for estimated cash on hand of Genoptix on the Closing Date and (ii) 1.0 million shares of NeoGenomics’ common stock pursuant to an Agreement and Plan of Merger dated October 23, 2018 (the “Merger Agreement”).

Cartesian Medical Group, Inc. (“Cartesian”) is a California professional corporation that provided hematopathology and other pathology services to Genoptix as an independent contractor. Cartesian was consolidated into Genoptix as a variable interest entity. Subsequent to December 31, 2018, the professional services agreement between Genoptix and Cartesian was terminated and the Company entered into separate medical services agreements with the entities owned by the physicians who were previously employees of Cartesian. The termination of the agreement with Cartesian did not have any impact on the Company's consolidated financial statements.

The Company issued approximately 1.0 million shares of common stock as consideration for the acquisition of Genoptix. This common stock was issued as uncertificated shares, which carries a minimum six-month holding period before they may be sold to the public. We estimated the fair value of the common stock consideration using inputs not observable in the market and thus represents a Level 3 measurement. The key assumption in the fair value determination was a 5 percent discount due to lack of marketability of the common stock as a result of the restrictions imposed on the holder. The acquisition date fair value of common stock transferred is calculated below (in thousands, except share and per share amounts):

Common Stock Valuation		Amount
Shares of common stock issued as consideration		1,000,000
Stock price per share on closing date	$	13.94
Value of common stock issued as consideration	$	13,940
Issue discount due to lack of marketability	$	(697)
Fair value of common stock at December 10, 2018	$	13,243

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date of December 10, 2018 and measurement period adjustments recorded during the first quarter of 2019. For the quarter ended March 31, 2019, the Company recorded a $2.4 million working capital adjustment to the original cash consideration, as defined within the Merger Agreement, of which $0.4 million is payable in cash and the remainder is payable as a return of shares. Additionally, certain other measurement period adjustments were recorded related to property and equipment and accounts receivable during the first quarter of 2019. The Company is in the process completing its valuation of certain assets and liabilities, primarily related to accounts receivable and accounts payable assumed; thus, the provisional measurements of current assets and current liabilities are subject to change.

	December 10, 2018 (As Initially Reported)	Measurement Period Adjustments	December 10, 2018 (As Adjusted)
Current assets	$ 22,172	$ 2,257	$ 24,429
Property and equipment	21,029	(428)	20,601
Identifiable intangible assets	71,792	374	72,166
Goodwill	50,873	(1,593)	49,280
Long-term assets	170	—	170
Total assets acquired	$ 166,036	$ 610	$ 166,646
Current liabilities	(10,769)	(892)	(11,661)
Long-term liabilities [1]	(15,265)	282	(14,983)
Net assets acquired	$ 140,002	$ —	$ 140,002

[1] Includes $14.7 million and $14.5 million as initially reported and as adjusted, respectively, in deferred tax liabilities associated with tangible and intangible assets acquired.

Of the $72.2 million of acquired intangible assets, $56.9 million was provisionally assigned to customer relationships which are being amortized over fifteen years, $0.7 million was provisionally assigned to the Genoptix trade name which is being amortized over one year, and $14.6 million was provisionally assigned to trade marks which are assigned as indefinite-lived assets.

The goodwill arising from the acquisition of Genoptix includes revenue synergies as a result of our existing customers and Genoptix’ customers having access to each other’s testing menus and capabilities and also from the new product lines which Genoptix adds to the Company’s product portfolio, including the use of COMPASS and CHART trademarks. None of the

goodwill is expected to be deductible for income tax purposes. The provisional fair value of accounts receivable acquired is approximately $16.6 million, net of a $1.5 million fair value adjustment.

The following unaudited pro forma information (in thousands) have been provided for illustrative purposes only and are not necessarily indicative of results that would have occurred had the acquisition of Genoptix been in effect since January 1, 2017, nor are they necessarily indicative of future results.

	Three Months Ended March 31, 2018
Revenue	$ 87,703
Net (loss)	$ (420)
Net (loss) available to common shareholders	$ (3,275)

The unaudited pro forma consolidated results have been prepared by adjusting our historical results to include the acquisition of Genoptix as if it occurred on January 1, 2017. These unaudited pro forma consolidated historical results were then adjusted for certain items, primarily related to: a net increase in amortization expense during the three months ended March 31, 2018 due to higher intangible assets recorded related to the acquisition of Genoptix and a reduction in interest expense during the three months ended March 31, 2018 as we did not acquire the existing debt.

Note F – Goodwill and Intangible Assets

Goodwill as of March 31, 2019 and December 31, 2018 was $196.3 million and $197.9 million, respectively. In 2019, we recorded measurement period adjustments of $1.6 million. Refer to Note E herein for further detail.

Intangible assets as of March 31, 2019 and December 31, 2018 consisted of the following (in thousands):

		March 31, 2019		
	Amortization Period	Cost	Accumulated Amortization	Net
Trade Name	12-24 months	$ 3,675	$ 3,211	$ 464
Non-Compete Agreement	24 months	27	21	6
Customer Relationships	180 months	142,000	19,185	122,815
Trade Name - Indefinite-lived	—	14,559	—	14,559
Total		$ 160,261	$ 22,417	$ 137,844

		December 31, 2018		
	Amortization Period	Cost	Accumulated Amortization	Net
Trade Name	12-24 months	$ 3,675	$ 3,042	$ 633
Non-Compete Agreement	24 months	27	18	$ 9
Customer Relationships	180 months	141,626	16,798	$ 124,828
Trade Name - Indefinite-lived	—	14,559	—	14,559
Total		$ 159,887	$ 19,858	$ 140,029

We recorded approximately $2.6 million and $1.4 million in straight-line amortization expense of intangible assets for the three month periods ended March 31, 2019 and 2018, respectively. The Company records amortization expense as a general and administrative expense.

The estimated amortization expense related to amortizable intangible assets for each of the five succeeding fiscal years and thereafter as of March 31, 2019 is as follows (in thousands):

Remainder of 2019	$ 7,549
2020	9,467
2021	9,467
2022	9,467
2023	9,467
Thereafter	77,868
Total	$ 123,285

Note G – Debt

The following table summarizes the long term debt at March 31, 2019 and December 31, 2018 (in thousands):

	March 31, 2019	December 31, 2018
Term Loan Facility	$ 94,782	$ 96,750
Revolving Credit Facility	5,000	5,000
Other finance obligations	11,754	11,548
Total Debt	$ 111,536	$ 113,298
Less: Debt issuance costs	(914)	(997)
Less: Current portion of long-term debt and other finance obligations	(14,374)	(14,171)
Total Long-Term Debt, net	$ 96,248	$ 98,130

The carrying value of the Company's long-term finance obligations and term debt approximates its fair value based on the current market conditions for similar instruments.

Term Loan

On December 22, 2016, the Company entered into a credit agreement with Regions Bank (the "Credit Agreement") as administrative agent and collateral agent. The Credit Agreement provided for a $75 million term loan facility (the "Term Loan Facility") and a $75 million revolving credit facility (the "Revolving Credit Facility"). On June 21, 2018, the Company entered into an amendment to the Credit Agreement (the "Amendment") which provided for an additional term loan in the amount of $30 million, for which revised terms are included below.

On March 31, 2019 and December 31, 2018, the Company had current outstanding borrowings under the Term Loan Facility, as amended, of approximately $7.9 million, and long-term outstanding borrowings of approximately $86.0 million and $87.9 million, net of unamortized debt issuance costs of $0.9 million and $1.0 million, respectively. These costs were recorded as a reduction in the carrying amount of the related liability and are being amortized over the life of the loan.

The Term Loan Facility bears interest at a rate per annum equal to an applicable margin plus, at NeoGenomics' option, either (1) the Adjusted LIBOR rate for the relevant interest period, as defined within the Credit Agreement, (2) an alternate base rate determined by reference to the greatest of (a) the prime lending rate of Regions, (b) the federal funds rate for the relevant interest period plus 0.5% per annum and (c) the one month LIBOR rate plus 1% per annum, or (3) a combination of (1) and (2). The applicable margin will range from 2.25% to 4.00% for LIBOR loans and 1.25% to 3.00% for base rate loans, in each case based on NeoGenomics' consolidated leverage ratio (as defined in the Credit Agreement and revised in the Amendment). Interest on borrowings is payable on the last day of each month, in the case of each base rate loan, and on the last day of each interest period (but no less frequently than every three months), in the case of Adjusted LIBOR loans. The Company entered into interest rate swap agreements to hedge against changes in the variable rate for a portion of both the Term Loan Facility and the Amendment. See Note H-Derivative Instruments and Hedging Activities for more information on these instruments.

The Term Loan Facility and amounts borrowed under the Revolving Credit Facility are secured on a first priority basis by a security interest in substantially all of the tangible and intangible assets of NeoGenomics. The Term Loan Facility contains various affirmative and negative covenants including ability to incur liens and encumbrances; make certain restricted payments, including paying dividends on its equity securities or payments to redeem, repurchase or retire its equity securities; enter into certain restrictive agreements; make investments, loans and acquisitions; merge or consolidate with any other person; dispose of assets; enter into sale and leaseback transactions; engage in transactions with its affiliates, and materially alter the business it

conducts. In addition, the Company must meet certain maximum leverage ratios and fixed charge coverage ratios as of the end of each fiscal quarter. The Company was in compliance with all financial covenants as of March 31, 2019.

The Term Loan Facility and Amendment have a maturity date of December 22, 2021. The Credit Agreement requires NeoGenomics to mandatorily prepay the Term Loan Facility and amounts borrowed under the Revolving Credit Facility with (i) 100% of net cash proceeds from certain sales and dispositions, subject to certain reinvestment rights, (ii) 100% of net cash proceeds from certain issuances or incurrences of additional debt, (iii) beginning with the fiscal year ended December 31, 2018, 75% of consolidated excess cash flow (as defined) if NeoGenomics' consolidated leverage ratio is greater than or equal to 3.25:1.0 or 50% of consolidated excess cash flow (as defined) if NeoGenomics' consolidated leverage ratio is less than or equal to 3.25:1.0 but greater than or equal to 2.75:1.0 and (iv) 100% of net cash proceeds from issuances of permitted equity securities by NeoGenomics made in order to cure a failure to comply with the financial covenants. NeoGenomics is permitted to voluntarily prepay the Term Loan Facility and amounts borrowed under the Revolving Credit Facility at any time without penalty.

Revolving Credit Facility

During the fourth quarter of 2018, $5.0 million was drawn from the revolving credit facility, resulting in outstanding borrowings of $5.0 million as of December 31, 2018 and March 31, 2019.

The Revolving Credit Facility includes a $10.0 million swingline sublimit, with swingline loans bearing interest at the alternate base rate plus the applicable margin. Any principal outstanding under the Revolving Credit Facility is due and payable on December 22, 2021 or such earlier date as the obligations under the Credit Agreement become due and payable pursuant to the terms of the Credit Agreement. The Revolving Credit Facility bears interest at a rate per annum equal to an applicable margin plus, at NeoGenomics' option, either (1) the Adjusted LIBOR rate for the relevant interest period, as defined within the Credit Agreement (2) an alternate base rate determined by reference to the greatest of (a) the prime lending rate of Regions, (b) the federal funds rate for the relevant interest period plus 0.5% per annum and (c) the one month LIBOR rate plus 1% per annum, or (3) a combination of (1) and (2). The applicable margin will range from 2.25% to 4.00% for Adjusted LIBOR loans and 1.25% to 3.00% for base rate loans, in each case based on NeoGenomics' consolidated leverage ratio. Interest on the outstanding principal of the Term Loan Facility will be payable on the last day of each month, in the case of each base rate loan, and on the last day of each interest period (but no less frequently than every three months), in the case of LIBOR loans.

The Credit Agreement, as amended, requires NeoGenomics to mandatorily prepay the Term Loan Facility and amounts borrowed under the Revolving Credit Facility with (i) 100% of net cash proceeds from certain sales and dispositions, subject to certain reinvestment rights, (ii) 100% of net cash proceeds from certain issuances or incurrences of additional debt, (iii) beginning with the fiscal year ended December 31, 2018, 75% of consolidated excess cash flow (as defined) if NeoGenomics' consolidated leverage ratio is greater than or equal to 3.25:1.0 or 50% of consolidated excess cash flow (as defined) if NeoGenomics' consolidated leverage ratio is less than or equal to 3.25:1.0 but greater than or equal to 2.75:1.0 and (iv) 100% of net cash proceeds from issuances of permitted equity securities by NeoGenomics made in order to cure a failure to comply with the financial covenants. NeoGenomics is permitted to voluntarily prepay the Term Loan Facility and amounts borrowed under the Revolving Credit Facility at any time without penalty, subject to customary "breakage" costs with respect to prepayments of Adjusted LIBOR rate loans made on a day other than the last day of any applicable interest period.

Other Finance Obligations

The Company has entered into loans with various banks to finance the purchase of laboratory equipment, office equipment and leasehold improvements. These loans mature at various dates through 2021 and the weighted average interest rate under such loans was approximately 4.82% at March 31, 2019 and 4.56% at December 31, 2018.

Maturities of Long-Term Debt

Maturities of long-term debt at March 31, 2019 are summarized as follows (in thousands):

	Term Loan and Revolving Credit Facility	Finance Obligations	Total Long-Term Debt
Remainder of 2019	$ 5,905	$ 5,077	$ 10,982
2020	7,873	4,729	12,602
2021	86,004	1,888	87,892
2022	—	60	60
	99,782	11,754	111,536
Less: Current portion of long-term debt	(7,873)	(6,501)	(14,374)
Less: Debt issuance costs	(914)	—	(914)
Long-term debt, net	$ 90,995	$ 5,253	$ 96,248

Note H – Derivative Instruments and Hedging Activities

In December of 2016 and June of 2018, the Company entered into interest rate swap agreements to reducethe Company's exposure to interest rate fluctuations onthe Company's variable rate debt obligations. These derivative financial instruments are accounted for at fair value as cash flow hedges, which effectively modifies the Company's exposure to interest rate risk by converting a portion of its floating rate debt to a fixed rate obligation, thus reducing the impact of interest rate changes on future interest expense.

Under these agreements, we receive a variable rate of interest based on LIBOR and we pay a fixed rate of interest. The following table summarizes the interest rate swap agreements.

	December 2016 Hedge	June 2018 Hedge
Notional Amount	$50 million	$20 million (1)
Effective Date	December 30, 2016	June 29, 2018
Index	One month LIBOR	One month LIBOR
Maturity	December 31, 2019	December 31, 2021
Fixed Rate	1.59 %	2.98 %

(1) The notional amount increases to $70 million upon maturity of December 2016 hedge on December 31, 2019.

The fair value of the interest rate swaps will be included in other long term assets or liabilities, when applicable. As of March 31, 2019 and December 31, 2018, the fair value of the derivative financial instruments included in other long-term assets were $0.3 million and $0.5 million, respectively. As of March 31, 2019 and December 31, 2018, the fair value of the derivative financial instruments included in other long-term liabilities were $1.3 million and $0.9 million, respectively. Fair value adjustments are recorded as an adjustment to accumulated other comprehensive earnings, except that any gains and losses on ineffectiveness of the interest rate swap would be recorded as an adjustment to other expense (income), net. Fair value adjustments will be reclassified to interest expense in the period during which the hedged transaction affects earnings, whether upon termination or maturity. Hedge effectiveness is assessed quarterly. The Company determined that the interest rate swaps are highly effective and, thus, there is no impact to the Company's consolidated statements of operations. Upon termination of the interest rate swap agreement, we will reclassify gains or losses on derivative instruments from accumulated other comprehensive income (“AOCI”) to earnings. If the swap were terminated, based on interest rates in effect at March 31, 2019, we estimate that we would reclassify approximately $1.0 million from AOCI to earnings during the next twelve months as the anticipated cash flows occur. Amounts reclassified for gains or losses on derivative instruments during the first quarter of 2019 were not material.

Note I – Class A Redeemable Convertible Preferred Stock

On December 30, 2015, the Company issued 14,666,667 shares of its Series A Redeemable Convertible Preferred Stock ("Series A Preferred Stock") as part of the consideration for the acquisition of Clarient. The Series A Preferred Stock had a face value of $ 7.50 per share for a total liquidation value of $110 million. On December 22, 2016, the Company redeemed 8,066,667 shares of the Series A Preferred Stock for $55.0 million in cash. The redemption amount per share equaled $6.82 ($7.50 minus the liquidation discount of 9.09%). In December 2017, the Company issued 264,000 additional shares of preferred stock as a paid-in-kind dividend, resulting in a balance of 6,864,000 shares of Series A Preferred Stock outstanding at March 31, 2018.

On June 25, 2018, the Company redeemed the remaining outstanding preferred stock for an aggregate redemption amount of $50.1 million, prior to consideration of any transaction related expenses. The shares were redeemed at $7.30 per share, representing the applicable 4.55% redemption discount on the original liquidation preference plus an additional $0.14 per share in respect of accrued and unpaid dividends for 2018. Following the redemption, no shares of preferred stock remain outstanding.

The gain or loss was calculated as the carrying value of the shares of preferred stock before the redemption of $37.8 million plus the amount of the beneficial conversion feature originally recorded with the redeemed shares of $21.3 million, as compared to the total consideration being paid, in this case the $50.1 million.

Issue Discount

The Company recorded the Series A Preferred Stock at a fair value of approximately $73.2 million, or $4.99 per share, on the date of issuance. The difference between the fair value of $73.2 million and the liquidation value of $110 million represents a discount of $36.8 million from the initial face value representing the impact the rights and features of the instrument had on the value to the Company. After the partial redemption, the Series A Preferred stock had a fair value of approximately $ 32.9 million, or $4.99 per share. The difference between the fair value of $32.9 million and the liquidation value of $49.5 million represented a discount of approximately $16.6 million.

Beneficial Conversion Features ("BCF")

The fair value of the common stock into which the Series A Preferred Stock was convertible exceeded the allocated purchase price fair value of the Series A Preferred Stock at the date of issuance and after the partial redemption in December of 2016 by approximately $44.7 and $20.1 million, respectively, resulting in a beneficial conversion feature. The Company recognized the beneficial conversion feature as non-cash, deemed dividends to the holder of Series A Preferred Stock over the first three years the Series A Preferred Stock was outstanding, as the date the stock first becomes convertible was three years from the issue date. In addition to the BCF recorded at the original issue date, we recorded additional BCF discounts for payment-in-kind shares accrued for the quarter ended March 31, 2018 as dividends.

Classification

Prior to redemption, the Company classified the Preferred Stock as temporary equity on the consolidated balance sheets due to certain change in control events that are outside the Company's control, including deemed liquidation events described in the Series A Certificate of Designation.

Note J – Equity

We recorded approximately $2.1 million and $1.6 million in stock based compensation expense for the three month periods ended March 31, 2019 and 2018, respectively.

A summary of the stock option activity under the Company's plans for thethree months ended March 31, 2019 is as follows:

	Number of Shares	Weighted Average Exercise Price
Options outstanding at December 31, 2018	6,839,417	$ 7.63
Options granted	688,084	$ 19.12
Less:		
Options exercised	635,257	$ 6.23
Options canceled or expired	2,500	$ 8.04
Options outstanding at March 31, 2019	6,889,744	$ 8.84
Exercisable at Exercisable at March 31, 2019	2,584,373	$ 6.84

The fair value of each stock option award granted during the three months ended March 31, 2019 was estimated as of the grant date using a trinomial lattice model with the following weighted average assumptions:

	Three Months Ended March 31, 2019
Expected term (in years)	3.0 - 4.5
Risk-free interest rate (%)	2.5%
Expected volatility (%)	38.9% - 44.0%
Dividend yield (%)	—
Weighted average fair value/share at grant date	$5.64

As of March 31, 2019, there was approximately $7.5 million of unrecognized share based compensation expense related to stock options that will be recognized over a weighted-average period of approximately 1.4 years.

A summary of the restricted stock activity under the Company's plans for the three months ended March 31, 2019 is as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2018	282,508	$ 9.01
Granted	182,502	$ 19.20
Vested	—	$ —
Nonvested at March 31, 2019	465,010	$ 13.01

Employee Stock Purchase Plan (ESPP)

We offer an ESPP through which eligible employees may purchase shares of our common stock at a discountof 15% of the fair market value of the Company's common stock. During the three months ended March 31, 2019 and 2018, employees purchased 36,154 and 36,922 shares, respectively under the ESPP. The expense recorded for each of periods was approximately $0.1 million.

Note K - Income Taxes

To calculate its interim tax provision, at the end of each interim period the Company estimates the annual effective tax rate and applies that to its ordinary quarterly earnings. The effect of changes in enacted tax laws or rates and excess tax benefits and tax deficiencies related to future stock option exercises are recognized in the interim period in which the change occurs. In addition, the effect of significant, unusual, or infrequent items are recognized in the interim period in which the event occurs. The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment including, but not limited to, the expected operating income for the year, projections of the proportion of income earned and taxed in foreign jurisdictions, permanent and temporary differences between book and tax amounts, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained or the tax environment changes.

The income tax benefit for the three months ended March 31, 2019, relates primarily to pre-tax loss incurred for the period including the Health Discovery Corporation litigation (see Note L) for which the income tax benefit is recognized within the quarter. The Company's effective tax rate of 45.5% for the three months ended March 31, 2019, differs from the federal statutory rate of 21% primarily due to permanent differences from stock compensation and losses in foreign jurisdictions with no associated tax benefit.

Note L – Commitments and Contingencies

Legal Matters

The Company is involved in ongoing litigation with Health Discovery Corporation ("HDC") regarding the use of certain licensed technology under a Master License Agreement ("MLA") dated January 6, 2012 between the Company and HDC. As required under the MLA, the parties were required to submit such matters in dispute under the MLA to binding arbitration. An arbitration hearing took place in December 2018, where the Company vigorously defended its legal rights and remedies pertaining to this licensing dispute. On April 25, 2019, the American Arbitration Association's Panel of Arbitrators (the "Panel") issued their ruling (the "Final Award") which, in pertinent part, terminated the MLA, awarded $1.5 million to HDC in connection with the claims SmartFlow infringes a valid patent and internal use by NeoGenomics was subject to milestone and royalty payments, and awarded $5.1 million to HDC with respect to the claim of lack of development and commercialization of SVM-CYTO. All other claims by HDC were denied. NeoGenomics' request for a declaratory judgment was denied and its counterclaims were denied.

The Company is currently evaluating its options in connection with the Panel ruling; however, the Company recorded an accrual of $4.9 million, net of tax, for this matter for the quarter ended March 31, 2019.

Note M – Related Party Transactions

On November 4, 2016, the Company entered into an amended and restated consulting agreement with Steven C. Jones, a director, officer and shareholder of the Company whereby Mr. Jones would provide consulting services to the Company in the capacity of Executive Vice President. The Amended and Restated Consulting Agreement has an initial term of November 4, 2016 through April 30, 2020, which automatically renews for additional one year periods unless either party provides notice of termination at least three months prior to the expiration of the initial term or any renewal term. On May 6, 2019, the Company and Mr. Jones entered into a letter agreement to modify certain provisions of the consulting agreement (the "Letter Agreement") which modifications included, by mutual agreement of the parties, the following: automatic expiration of the consulting agreement on April 30, 2020 unless the parties mutually agree to renew it in writing; a description of consulting services to be provided to the Company (the "Services") with a target of up to 15 hours per month of working time and attention to the Company; a fixed monthly cash consulting fee in the amount of $5,000 per month for the provision of Services; and continuation of health insurance coverage at the levels currently in effect.

During the three months ended March 31, 2019 and 2018, Mr. Jones earned approximately $38,000 and $46,000, respectively for consulting work performed in connection with his duties as Executive Vice President and for reimbursement of related expenses. During the same period, Mr. Jones also earned $12,500 and $12,500, respectively, as compensation for his services on the Board. Mr. Jones also received approximately $58,000 and $32,000 during the three months ended March 31, 2019 and 2018, respectively, as payment of his annual bonus compensation for the previous fiscal years. The Company did not grant stock or restricted stock to any of its Board members, including Mr. Jones, during the three months ended March 31, 2019 or March 31, 2018.

Note N – Segment Information

The Company has two operating segments for which it recognizes revenue; Clinical Services and Pharma Services. Our Clinical Services segment provides various clinical testing services to community-based pathology practices, hospital pathology labs and academic centers with reimbursement from various payers including client direct billing, commercial insurance, Medicare and other government, and patients. Our Pharma Services segment supports pharmaceutical firms in their drug development programs by supporting various clinical trials and research.

We have presented the financial information reviewed by the Chief Operating Decision Maker ("CODM") including revenues, cost of revenue and gross margin for each of our operating segments. Assets are not presented at the segment level as that information is not used by the CODM.

The following table summarizes segment information for the three month periods ended March 31, 2019 and 2018, respectively (in thousands).

	Three Months Ended March 31,	
	2019	2018
Net revenues:		
Clinical Services	$ 86,210	$ 56,971
Pharma Services	9,367	6,452
Total Revenue	$ 95,577	$ 63,423
Cost of revenue:		
Clinical Services	$ 42,651	$ 31,042
Pharma Services	5,811	5,078
Total Cost of Revenue	$ 48,462	$ 36,120
Gross Profit:		
Clinical Services	$ 43,559	$ 25,929
Pharma Services	3,556	1,374
Total Gross Profit	$ 47,115	$ 27,303
Operating expenses:		
General and administrative	$ 32,142	$ 17,067
Research and development	1,209	956
Sales and marketing	11,216	6,775
Total operating expenses	44,567	24,798
Income from Operations	2,548	2,505
Interest expense, net	1,826	1,486
Other expense (income)	5,169	(63)
(Loss) income before taxes	(4,447)	1,082
Income tax (benefit) expense	(2,023)	438
Net (Loss) Income	$ (2,424)	$ 644

NeoGenomics, Inc., a Nevada corporation (referred to collectively with its subsidiaries as "NeoGenomics", "we", "us", "our" or the "Company" in this Form 10Q) is the registrant for SEC reporting purposes. Our common stock is listed on the NASDAQ Capital Market under the symbol "NEO".

Introduction

The following discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and the notes thereto included herein. The information contained below includes statements of the Company's or management's beliefs, expectations, hopes, goals and plans that, if not historical, are forward-looking statements subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. For a discussion on forward-looking statements, see the information set forth in the introductory note to this quarterly report on Form 10-Q under the caption "Forward-Looking Statements", which information is incorporated herein by reference.

Overview

We operate a network of cancer-focused testing laboratories in the United States, Europe and Asia. Our mission is to improve patient care through exceptionalcancer-focused testing services. Our vision is to become the World's leading cancer testing and information company by delivering uncompromising quality, exceptional service and innovative solutions.

As of March 31, 2019, the Company had laboratory locations in Ft. Myers and Tampa, Florida; Atlanta, Georgia; Aliso Viejo, Carlsbad and Fresno, California; Houston, Texas; Nashville, Tennessee; Rolle, Switzerland and Singapore. The Company currently offers the following types of testing services:

a. Cytogenetics (karyotype analysis) - the study of normal and abnormal chromosomes and their relationship to disease. It involvesanalyzing the chromosome structure to identify changes from patterns seen in normal chromosomes. Cytogenetic studies are often performed to provide diagnostic, prognostic and occasionally predictive information for patients withhematological malignancies.

b. Fluorescence In-Situ Hybridization ("FISH") - amolecular cytogenetic technique that focuses on detecting and localizing the presence or absence of specific DNA sequences and genes on chromosomes. The technique uses fluorescent probes that bind to only those parts of the chromosome with which they show a high degree of sequence similarity. Fluorescence microscopy is used to visualize the fluorescent probes bound to the chromosomes. FISH can be used to help identify numerous types of gene alterations, including amplifications, deletions, and translocations.

c. Flow cytometry - a technique utilized to measure the characteristics of cell populations. Typically performed on liquid samples such as peripheral blood and bone marrow aspirate, it may also be performed on solid tissue samples such as lymph nodes following additional processing steps. Cells are labeled with selective fluorescent antibodies and analyzed as they flow in a fluid stream through a beam of light. The properties measured in these antibodies include the relative size, relative granularity or internal complexity, and relative fluorescence intensity. These fluorescent antibodies bind to specific cellular antigens and are used to identify abnormal and/or malignant cell populations. Flow cytometry is typically utilized in diagnosing a wide variety of hematopoietic and lymphoid neoplasms. Flow cytometry is also used to monitor patients during the course of therapy to identify extremely low levels of residual malignant cells, known as minimal residual disease (MRD).

d. Immunohistochemistry (IHC) and Digital Imaging – Refers to the process of localizing cellular proteins in tissue sections and relies on the principle of antigen-antibody binding.. IHC is widely used in the diagnosis of abnormal cells such as those found in cancer. Specific surface membrane, cytoplasmic, or nuclear markers may be identified. IHC is also widely used to understand the distribution and localization of differentially expressed proteins. Digital imaging allows clients to visualize scanned slides, and also perform quantitative analysis for certain stains. Scanned slides are received online in real time and can be previewed often a full day before the glass slides can be shipped back to clients.

e. Molecular testing - a rapidly growing field which includes a broad range of laboratory techniques utilized in cancer testing. Most molecular techniques rely on the analysis of DNA and/or RNA, as well as the structure and function of genes at the molecular level. Molecular testing technologies include: DNA fragment length analysis; polymerase chain reaction (PCR) analysis; reverse transcriptase polymerase chain reaction (RT-PCR) analysis, real-time (or quantitative) polymerase chain reaction (pPCR) analysis; bi-directional Sanger sequencing analysis;and Next-Generation Sequencing (NGS) analysis.

f. Morphologic analysis – refers to the process of analyzing cells under the microscope by a pathologist, usually for the purpose of diagnosis. Morphologic analysis may be performed on a wide variety of samples, such as peripheral blood, bone marrow, lymph node, and other sites such as lung, breast, etc. The services provided at NeoGenomics may include primary diagnosis, in which a sample is received for processing and our pathologists provide the initial diagnosis; or may include secondary consultations, in which slides and/or tissue blocks are received from an outside institution for second opinion. In the latter setting, the expert pathologists at NeoGenomics assist our client pathologists on their most difficult and complex cases.

Clinical Services Segment

The clinical cancer testing services we offer to community-based pathologists are designed to be a natural extension of, and complementary to, the services that they perform within their own practices. We believe our relationship as a non-competitive partner to community-based pathology practices, hospital pathology labs and academic centers empowers them to expand their

breadth of testing and provide a menu of services that matches or exceeds the level of service found in any center of excellence around the world. Community-based pathology practices and hospital pathology labs may order certain testing services on a technical component only ("TC" or "tech-only") basis, which allows them to participate in the diagnostic process by performing the professional component ("PC") interpretation services without having to hire laboratory technologists or purchase the sophisticated equipment needed to perform the technical component of the tests. We also support our pathology clients with interpretation and consultative services using our own specialized team of pathologists for difficult or complex cases and provide overflow interpretation services when requested by clients.

In addition, we directly serve oncology and other clinician practices that prefer to have a direct relationship with a laboratory for cancer-related testing services. We typically service these types of clients with a comprehensive service offering where we perform both the technical and professional components of the tests ordered. Included in these service offerings are our COMPASS and CHART reports. COMPASS is a hematopathologist-directed multi-platform comprehensive evaluation, which includes an integrated assessment in the final COMPASS consultation report. CHART is a longitudinal patient report comprised of a series of COMPASS reports generated over time. In certain instances larger clinician practices have begun to internalize some components of pathology services. When pathology interpretation services are internalized, our "tech-only" service offering allows these larger clinician practices to also participate in the diagnostic process by performing the PC interpretation services on TC testing performed by NeoGenomics. In these instances, NeoGenomics will typically provide all of the more complex, Molecular testing services.

Pharma Services Segment

Our Pharma Services segment supports pharmaceutical firms in their drug development programs by supporting various clinical trials and research. This portion of our business often involves working with the pharmaceutical firms (sponsors) on study design as well as performing the required testing. Our medical team often advises the sponsor and works closely with them as specimens are received from the enrolled sites. We also work on developing tests that will be used as part of a companion diagnostic to determine patients' response to a particular drug. As studies unfold, our clinical trials team reports the data and often provide key analysis and insights back to the sponsors.

Our Pharma Services segment provides comprehensive testing services in support of our pharmaceutical clients' oncology programs from discovery to commercialization. In biomarker discovery, our aim is to help our customers discover the right content. We help our customers develop a biomarker hypothesis by recommending an optimal platform for molecular screening and backing our discovery tools with the informatics to capture meaningful data. In other pre and non-clinical work, we can use our platforms to characterize markers of interest. Moving from discovery to development, we help our customers refine their biomarker strategy and, if applicable, develop a companion diagnostic pathway using the optimal technology for large-scale clinical trial testing.

Whether serving as the single contract research organization or partnering with one, our Pharma Services team provides significant technical expertise, working closely with our customers to support each stage of clinical trial development. Each trial we support comes with rapid turnaround time, dedicated project management and quality assurance oversight. We have experience in supporting submissions to the Federal Food and Drug Administration ("FDA") for companion diagnostics. Our Pharma Services strategy is focused on helping bring more effective oncology treatments to market through providing world class laboratory services in oncology to key pharmaceutical companies in the industry.

Our Pharma Services revenue consists of three revenue streams:

- Clinical trials and research;
- Validation laboratory services; and
- Data services.

2019 Focus Areas:

We are committed to being an innovative leader in our industry. Over the past year, we have grown our business organically as well as through the acquisition of Genoptix in December of 2018. We have continued to expand internationally with the opening of a laboratory in Singapore. Our plans for 2019 include initiatives to drive profitable growth while successfully integrating Genoptix and maintaining exceptional service levels. We expect these initiatives to continue to position our Company to be the world's leading cancer testing and information company.

Strengthen Our World-Class Culture

Our belief is that a culture of motivated and engaged employees will deliver superior service to our clients. We are focused on continuing to strengthen our culture by actively seeking feedback and ideas from employees on ways to innovate and grow our

business. We will foster employee engagement through collaborative forums, frequent team dialogue and programs to reward teams for exceptional performance.

Enhancing our culture to closely align with the values of our Company is a key priority. We will focus on creating a unified culture as we bring Genoptix and NeoGenomics employees together to become one team. We will create mentoring and training opportunities to enhance and capitalize on the talent within our Company. We believe these initiatives will foster a culture of accountability and empowerment. We also believe these initiatives are necessary to ensure the success of our Company.

Communication is a key element in our high performance culture. Through effective communication we facilitate our employees' understanding of our Company's priorities and how they contribute to the Company's overall objectives. We believe our employee retention rate is above average for the laboratory industry and continuing to strengthen our culture will enable us to continually recruit and retain talented employees.

Provide Uncompromising Quality

Maintaining the highest quality laboratory operations and service levels has enabled us to consistently grow our business. We are continuously looking for ways to improve quality and, in integrating Genoptix and NeoGenomics, we will identify best practices and implement changes to streamline processes across the organization. We are keenly focused on increasing automation and looking for solutions that will maintain quality while improving efficiency in operations.

We plan to continue to grow a culture of quality through company-wide leadership, coaching and employee engagement initiatives. Through training, we aim to empower our employees to understand the importance of quality and how to ensure quality in their respective function. We will implement initiatives to significantly improve the Corrective and Preventative Actions ("CAPA") process to ensure FDA readiness and will challenge employees to identify quality issues and find solutions.

We have been successful in retaining clients while also gaining market share. As we integrate Genoptix, our goal is to ensure that we maintain the highest quality operation.

Pursue Exceptional Service and Growth

Our plans for 2019 include initiatives to continue to drive profitable growth. We will continue to pursue market share gains by providing high complexity, cancer-related laboratory testing services to hospitals, community-based pathology practices, academic centers, clinicians, and pharmaceutical companies.

Our laboratory teams will focus on service by improving the customer experience. We intend to accomplish this through the development and launch of innovative assays, informatics products and companion diagnostics as well as enhancements to our educational programs. We expect this to result in increased product and process understanding, increased ability to gain market share as well as enabling us to maintain our high levels of client retention.

We will work to maintain our broad and innovative test menu of molecular, immunohistochemistry, and other testing, which has helped make us a "one stop shop" for many clients who value that all of their testing can be sent to one laboratory. We believe successfully integrating Genoptix and NeoGenomics' operations will allow us to increase efficiency and reduce cost per test. We will continue to look for growth opportunities through mergers and/or acquisitions and are focused on strategic opportunities that would be complementary to our menu of services and would increase our earnings and cash flow in the short to medium time frame.

Competitive Strengths

In addition to the competitive strengths discussed below, the Company believes that its superior testing technologies and instrumentation, laboratory information system, client education programs and broad domestic and growing international presence also differentiate NeoGenomics from its competitors.

Turnaround Times

We strive to provide industry leading turnaround times for test results to our clients nationwide, both in the Clinical Services and Pharma Services segments. By providing information to our clients in a rapid manner, physicians can begin treating their patients as soon as possible. Our consistent timeliness of results in our Clinical Services segment is a competitive strength and a driver of additional testing requests by our referring physicians. Rapid turnaround times allow for the performance of other adjunctive tests within an acceptable diagnosis window in order to augment or confirm results and more fully inform treatment options. Additionally, we believe that our rapid turnaround time on testing and our project milestones are a key differentiator in the Pharma Services segment.

World-class Medical and Scientific Team

Our team of medical professionals and Ph.Ds. are specialists in the field of genetics, oncology and pathology. As of March 31, 2019, we employed, or are contracted with, approximately 100 full-time MDs and PhDs. We have many nationally and world-renowned pathologists on staff, which is a key differentiator from many smaller laboratories. Our clinical customers look to our staff and their expertise and they often call our medical team on challenging cases. For our Pharma Services segment, many sponsors work with our medical team on their study design and on the interpretation of results from the studies. Our medical team is a key differentiator as we have a depth of medical expertise that many other laboratories cannot offer to Pharmaceutical companies.

Innovative Service Offerings

We believe we currently have the most extensive menu of tech-only FISH services in the country as well as extensive and advanced tech-only flow cytometry and IHC testing services. These types of testing services allow the professional interpretation component of a test to be performed and billed separately by our physician clients. Our tech-only services are designed to give pathologists the option to choose, on a case by case basis, whether they want to order just the technical information and images relating to a specific test so they can perform the professional interpretation, or order "global" services and receive a comprehensive test report which includes a NeoGenomics pathologist's interpretation of the test results. Our clients appreciate the flexibility to access NeoGenomics' medical staff for difficult or complex cases or when they are otherwise unavailable to perform professional interpretations.

We offer a comprehensive suite of technical and interpretation services, to meet the needs of those clients who are not credentialed and trained in interpreting genetic tests and who require pathology specialists to interpret the testing results for them. In our global service offerings, our lab performs the technical component of the tests and our M.D.s and Ph.Ds. provide the service of interpreting the results of those tests. Our professional staff is also available for post-test consultative services. Clients using our global service offering rely on the expertise of our medical team to give them the answers they need in a timely manner to help inform their diagnoses and treatment decisions.

Global Service Offerings

We offer a comprehensive suite of technical and interpretation services, to meet the needs of those clients who are not credentialed and trained in interpreting genetic tests and who require pathology specialists to interpret the testing results for them. In our global service offerings, our lab performs the technical component of the tests and our M.D.s and Ph.Ds. provide the service of interpreting the results of those tests. Our professional staff is also available for post-test consultative services. Clients using our global service offering rely on the expertise of our medical team to give them the answers they need in a timely manner to help inform their diagnoses and treatment decisions. Many of our tech-only clients also rely on our medical team for difficult or challenging cases by ordering our global testing services on a case-by-case basis or our medical team can serve as a backup to support our clients who need help to satisfy the continued and demanding requirements of their practice. Our reporting capabilities allow for all relevant case data from our global services to be captured in one summary report. When providing global services, NeoGenomics bills for both the technical and professional component of the test, which results in a higher reimbursement level.

National Direct Sales Force

Our direct sales force has been trained extensively in cancer genetic testing and consultative selling skills to service the needs of clients. Our sales team for the clinical cancer testing services is organized into ten regions. Our Pharma Services segment has a dedicated team of business development specialists who are experienced in working with pharma sponsors and helping them with the testing needs of their research and development projects as well as Phase 1-3 studies. These sales representatives utilize our custom Customer Relationship Management System ("CRM") to manage their territories, and we have integrated all of the important customer care functionality within our LIS into the CRM so that our sales representatives can stay informed of emerging issues and opportunities within their regions. Our in-house customer care team is aligned with our field sales team to serve the needs of our clients by utilizing the same LIS and CRM. Our field teams can see in real-time when a client calls the laboratory, the reason for the call, the resolution, and if face-to-face interaction is needed for follow-up.

Seasonality

The majority of our clinical testing volume is dependent on patients being treated by hematology/oncology professionals and other healthcare providers. The volume of our testing services generally declines modestly during the summer vacation season, year-end holiday periods and other major holidays, particularly when those holidays fall during the middle of the week. In addition, the volume of our testing tends to decline due to extreme adverse weather conditions, such as excessively hot or cold

spells, heavy snow, hurricanes or tornados in certain regions, consequently reducing revenues and cash flows in any affected period.

Please see the section captioned Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 26, 2019 and as amended and filed with the SEC on May 8, 2019, for a detailed description of our business.

Results of Operations for the Three Months Ended March 31, 2019 as Compared to the Three Months Ended March 31, 2018

The following table presents the consolidated statements of operations as a percentage of revenue:

	Three Months Ended March 31,	
	2019	2018
Net revenue	100.0 %	100.0 %
Cost of revenue	50.7 %	57.0 %
Gross Profit	49.3 %	43.0 %
Operating expenses:		
General and administrative	33.6 %	26.9 %
Research and development	1.3 %	1.5 %
Sales and marketing	11.7 %	10.7 %
Total operating expenses	46.6 %	39.1 %
Income from operations	2.7 %	3.9 %
Interest expense, net	1.9 %	2.3 %
Other expense	5.4 %	(0.1)%
Income (loss) before income taxes	(4.7)%	1.7 %
Income tax expense (benefit)	(2.1)%	0.7 %
Net income (loss)	(2.5)%	1.0 %

The following table presents consolidated net revenue for the test type indicated ($ in thousands):

	Three Months Ended March 31,			
	2019	2018	$ Change	% Change
Clinical Services	$ 86,210	$ 56,971	$ 29,239	51.3 %
Pharma Services	9,367	6,452	2,915	45.2 %
Total Revenue	$ 95,577	$ 63,423	$ 32,154	50.7 %

Revenue

Clinical Services revenue for the three month period ending March 31, 2019 increased $29.2 million, compared to the same period in 2018. Testing volumes also increased in our clinical genetic testing business by approximately 31.1% for the three month period ending March 31, 2019 compared to the same period in 2018. The increases in revenue and volume primarily reflect the acquisition of Genoptix, organic volume growth, as well as the benefit of reimbursement initiatives We continue to negotiate managed care and group purchasing contracts to increase our in-network coverage, which should improve reimbursement rates and facilitate the addition of new accounts.

Pharma Services revenue for the three month period ended March 31, 2019 increased $2.9 million, compared to the same period in 2018. In addition, our backlog of signed contracts has continued to grow from $98.9 million as of December 31, 2018 to $100.8 million as of March 31, 2019. The expansion of our Pharma facility in Houston, Texas, provides additional capacity to manage this backlog. We expect this backlog to result in higher revenues in future quarters.

We also expect to achieve accelerating revenue growth in our Pharma Services segment due to our international presence. In addition to our laboratory in Rolle, Switzerland, we announced a global strategic partnership with Pharmaceutical Product Development, LLC ("PPD") in 2018, and continued our international expansion including the opening of a laboratory in Singapore.

The following table shows Clinical Services revenue, cost of revenue, requisitions received and tests performed for the three months ended March 31, 2019 and 2018. This data excludes tests performed for Pharma customers.

Testing revenue and cost of revenue are presented in thousands below:

	Three Months Ended March 31,		
	2019	2018	% Change
Requisitions received (cases)	155,963	105,229	48.2 %
Number of tests performed	234,317	178,794	31.1 %
Avg. number of tests/requisition	1.50	1.70	(11.6)%
Total clinical services testing revenue	$ 86,210	$ 56,971	51.3 %
Average revenue/requisition	$ 553	$ 541	2.1 %
Average revenue/test	$ 368	$ 319	15.5 %
Cost of revenue	$ 42,651	$ 31,042	37.4 %
Average cost/requisition	$ 273	$ 295	(7.3)%
Average cost/test	$ 182	$ 174	4.8 %

We continue to realize growth in our clinical testing revenue, which we believe is the direct result of our efforts to innovate by developing and maintaining one of the most comprehensive cancer testing menus in the industry. Our broad test menu enables our sales teams to identify opportunities for increasing revenues from existing clients and allows us to gain market share from competitors as well as attract new clients looking for a one-stop shop.

Average revenue per test increased 15.5% for the three month period ended March 31, 2019, compared to the corresponding period in 2018. These changes reflect the acquisition of Genoptix as well as the positive impact of our internal reimbursement initiatives, partially offset by changes in Medicare reimbursement and regulation.

Cost of Revenue and Gross Profit

Average cost per test increased 4.8% for the three month period ended March 31, 2019, compared to the corresponding period in 2018, primarilyreflecting the acquisition of Genoptix. This increase was partially offset by increased automation in our laboratories as well as the benefit of increased economies of scale. In addition, our laboratory teams have been extremely focused on reducing their cost per test across all departments.

Cost of revenue includes payroll and payroll related costs for performing tests, maintenance and depreciation of laboratory equipment, rent for laboratory facilities, laboratory reagents, probes and supplies, and delivery and courier costs relating to the transportation of specimens to be tested.

The consolidated cost of revenue and gross profit metrics are as follows ($ in thousands):

	Three Months Ended March 31,		
	2019	2018	% Change
Cost of revenue:			
Clinical Services	$ 42,651	$ 31,042	37.4 %
Pharma Services	5,811	5,078	14.4 %
Total Cost of Revenue	$ 48,462	$ 36,120	34.2 %
Cost of revenue as a % of revenue	50.7 %	57.0 %	
Gross Profit:			
Clinical Services	$ 43,559	$ 25,929	68.0 %
Pharma Services	3,556	1,374	158.8 %
Total Gross Profit	$ 47,115	$ 27,303	72.6 %
Gross Profit Margin	49.3 %	43.0 %	

Consolidated cost of revenue in dollars increased for the three months ended March 31, 2019 when compared to the same period in 2018 while cost of revenue as a percentage of revenue decreased year-over-year. These increases in cost of revenue are largely due to the acquisition of Genoptix.

Gross profit margin increased for the three months ended March 31, 2019, compared to the same period in 2018.Gross margin improvement reflects the impact of volume growth, higher revenue per test, productivity gains, and cost efficiencies.

General and Administrative Expenses

General and administrative expenses consist of employee-related costs (salaries and fringe benefits) for our billing, finance, human resources, information technology and other administrative personnel as well as stock-based compensation. We also allocate professional services, facilities expense, IT infrastructure costs, depreciation, amortization and other administrative-related costs to general and administrative expenses.

Consolidated general and administrative expenses for the periods presented are as follows:

	Three Months Ended March 31,			
($ in thousands)	2019	2018	$ Change	% Change
General and administrative	$ 32,142	$ 17,067	$ 15,075	88.3 %
As a % of revenue	33.6 %	26.9 %		

General and administrative expenses increased $15.1 million for the three month period ended March 31, 2019 compared to the same period in 2018. The increase reflects the acquisition of Genoptix as well as higher payroll and payroll related expenses due to increases in headcount Additionally, these expenses include approximately $1.3 million in acquisition and integration related costs.

We expect our general and administrative expenses to increase but remain stable as a percentage of revenue as we add employee and compensation expenses, incur additional expenses associated with the expansion of our facilities, and as we continue to expand our physical and technological infrastructure to support our anticipated growth.

Research and Development Expenses

Research and development expenses relate to costs of developing new proprietary and non-proprietary genetic tests, including payroll and payroll related costs, maintenance and depreciation of laboratory equipment, laboratory supplies (reagents), and outside consultants and experts assisting our research and development team.

Consolidated research and development expenses for the periods presented are as follows:

	Three Months Ended March 31,			
($ in thousands)	2019	2018	$ Change	% Change
Research and development	$ 1,209	$ 956	$ 253	26.4 %
As a % of revenue	1.3 %	1.5 %		

Research and development expenses increased $0.3 million for the three months ended March 31, 2019, compared to the same period in 2018. This increase reflects the acquisition of Genoptix as well as investments in personnel and assay development.

We anticipate research and development expenditures will increase in future quarters as we invest in innovation projects and bringing new tests to market.

Sales and Marketing Expenses

Sales and marketing expenses are primarily attributable to employee-related costs including sales management, sales representatives, sales and marketing consultants and marketing and customer service personnel.

Consolidated sales and marketing expenses for the periods presented are as follows:

	Three Months Ended March 31,			
($ in thousands)	**2019**	**2018**	**$ Change**	**% Change**
Sales and marketing	$ 11,216	$ 6,775	$ 4,441	65.5 %
As a % of revenue	11.7 %	10.7 %		

Sales and marketing expenses increased $4.4 million for the three months ended March 31, 2019, compared to the same period in 2018. This increase primarily reflects the acquisition of Genoptix as well as higher commissions due to our increase in revenues, the expansion of our sales team and continued investment in marketing. We expect higher commissions expense in the coming quarters as the sales representatives' continue generating new business with a focus on oncology office sales. We expect our sales and marketing expenses over the long term to increase as our test volumes increase.

Interest Expense, net

Net interest expense is comprised of interest incurred on our term debt, revolving credit facility and our other financing obligations offset by the interest income we earn on cash deposits. Net interest expense for the three months ending March 31, 2019 increased 22.9%, or $0.3 million, compared to the same period in 2018. These increases reflect changes in interest rates as well as the additional $30 million term loan entered into in the second quarter of 2018. We expect our interest expense to fluctuate based on timing of advances and payments on our revolving credit facility.

Earnings Per Share

The following table provides consolidated net loss available to common stockholders for each period along with the computation of basic and diluted net loss per share for the three months ended March 31, 2019 and 2018 (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2019	**2018**
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (2,424)	$ (2,212)
Basic weighted average shares outstanding	94,740	80,507
Effect of potentially dilutive securities	—	—
Diluted weighted average shares outstanding	94,740	80,507
Basic net loss per share	$ (0.03)	$ (0.03)
Diluted net loss per share	$ (0.03)	$ (0.03)

Non-GAAP Measures

Use of Non-GAAP Financial Measures

The Company's financial results are provided in accordance with accounting principles generally accepted in the United States of America ("GAAP") and using certain non-GAAP financial measures. Management believes that presentation of operating results using non-GAAP financial measures provides useful supplemental information to investors and facilitates the analysis of

the Company's operating results and comparison of operating results across reporting periods and between entities. Management also uses non-GAAP financial measures for financial and operational decision making, planning and forecasting purposes and to manage the Company's business. Management believes that Adjusted EBITDA is a key metric for our business because it is used by our lenders in the calculation of our debt covenants. Management also believes that these non-GAAP financial measures enable investors to evaluate our operating results and future prospects in the same manner as management. The non-GAAP financial measures do not replace the presentation of GAAP financial results and should only be used as a supplement to, and not as a substitute for, the Company's financial results presented in accordance with GAAP. There are limitations inherent in non-GAAP financial measures because they exclude charges and credits that are required to be included in a GAAP presentation, and do not therefore present the full measure of the Company's recorded costs against its net revenue. In addition, the Company's definition of the non-GAAP financial measures below may differ from non-GAAP measures used by other companies.

Definitions of Non-GAAP measures

Non–GAAP EBITDA

We define "EBITDA" as net income from continuing operations before: (i) interest expense, (ii) tax expense, (iii) depreciation and amortization expense.

Non–GAAP Adjusted EBITDA

"Adjusted EBITDA" is defined by NeoGenomics as net income (loss) from continuing operations before: (i) interest expense, (ii) tax expense, (iii) depreciation and amortization expense, non-cash stock-based compensation expense, and if applicable in a reporting period, acquisition-related transaction expenses, (vi) non-cash impairments of intangible assets, (vii) debt financing costs, (viii) and other significant non-recurring or non-operating (income) or expenses.

We believe that EBITDA and Adjusted EBITDA provide more consistent measures of operating performance between entities and across reporting periods by excluding cash and non-cash items that can vary significantly between companies. In addition, adjusted EBITDA is a metric that is used by our lenders in the calculation of our debt covenants. Adjusted EBITDA also assists investors in performing analysis that is consistent with financial models developed by independent research analysts.

EBITDA and Adjusted EBITDA (as defined by us) are not measurements under GAAP and may differ from non-GAAP measures used by other companies. We believe there are limitations inherent in non-GAAP financial measures such as EBITDA and Adjusted EBITDA because they exclude a variety of charges and credits that are required to be included in a GAAP presentation, and do not therefore present the full measure of NeoGenomics' recorded costs against its net revenue. Accordingly, we encourage investors to consider both non-GAAP results together with GAAP results in analyzing our financial performance.

The following is a reconciliation of GAAP net income (loss) to Non-GAAP EBITDA and Adjusted EBITDA for the threemonths ended March 31, 2019:

	Three Months Ended March 31, 2019	
	2019	2018
Net Income (Loss) (GAAP)	$ (2,424)	$ 644
Adjustments to Net Income:		
Interest expense, net	1,826	1,486
Income tax (benefit) expense	(2,023)	438
Amortization of intangibles	2,559	1,413
Depreciation	5,271	3,633
EBITDA	$ 5,209	$ 7,614
Further Adjustments to EBITDA:		
Acquisition and integration related expenses	1,266	—
Other significant non-recurring expense	5,145	—
Non-cash, stock-based compensation	2,139	1,624
Adjusted EBITDA (non-GAAP)	$ 13,759	$ 9,238

Accounts Receivable

Clinical Services

Accounts receivable are reported for all clinical services payers based on the amount expected to be collected, which considers implicit price concessions. Implicit price concessions represent differences between amounts billed and the estimated consideration the Company expects to receive based on negotiated discounts, historical collection experience and other anticipated adjustments, including anticipated payer denials.

Pharma Services

The Company negotiates billing schedules and payment terms on a contract-by-contract basis which often includes payments based on certain milestones being achieved. Receivables are generally reported over time based on the number of units completed, which aligns with the progress of the Company towards fulfilling its obligations under the contract.

Liquidity and Capital Resources

To date, we have financed our operations primarily through cash generated from operations, public and private sales of equity securities, borrowings against our accounts receivables balances and bank debt.

The following table presents a summary of our consolidated cash flows for operating, investing and financing activities for the three months ended March 31, 2019 and 2018 as well balances of cash and cash equivalents and working capital (in thousands).

	Three Months Ended March 31,	
	2019	2018
Net cash provided by (used in):		
Operating activities	$ 6,097	$ 14,312
Investing activities	(3,196)	(4,666)
Financing activities	483	(7,249)
Effects of foreign exchange rate changes on cash and cash equivalents	—	(45)
Net change in cash and cash equivalents	3,384	2,352
Cash and cash equivalents, beginning of period	$ 9,811	$ 12,821
Cash and cash equivalents, end of period	$ 13,195	$ 15,173
Working Capital,[1] end of period	$ 43,242	$ 44,468

[1] Defined as current assets less current liabilities.

Cash Flows from Operating Activities

During the three months ended March 31, 2019, cash flows from operating activities were $6.1 million, a $8.2 million decrease compared to the same period in 2018. The decrease was primarily due to an increase in accounts receivable of $8.1 million as well as an increase in inventory of $1.0 million, offset by a decrease in the change related to accounts payable and other accrued expenses of $2.3 million as compared to the prior year. Our receivables have increased over this period due to increases in revenue. Total accrued expenses reflects higher payroll and payroll-related expenses and increased accrued expenses associated with higher test volumes and strategic initiatives. The change in cash flows from operations is also due to our net loss for the period ending March 31, 2019 compared to our net income for the period ended March 31, 2018.

Cash Flows from Investing Activities

During the three months ended March 31, 2019, cash used in investing activities was $3.2 million, a decrease of approximately $1.5 million compared to the same period in 2018, primarily due to costs incurred for the construction of our laboratory in Houston, Texas in 2018.

Cash Flows from Financing Activities

During the three months ended March 31, 2019, cash provided by financing activities was $0.5 million as compared to cash used in financing activities of $7.2 million in the same period in 2018. Cash provided by financing activities during the three months ended March 31, 2019 consisted primarily of net cash proceeds of $4.2 million from stock option exercises, offset by repayment of term loan and other finance obligations of $3.8 million.

Credit Facility

We entered into a senior secured credit facility in December 2016, which was subsequently amended in June 2018 to include additional loan capacity. In order to reduce our exposure to interest rate fluctuations on this floating rate debt obligation, we entered into interest rate swap agreements. For more information on these hedging instruments, see Note H to Consolidated Financial Statements herein. The interest rate swap agreement effectively converts a portion of our floating rate debt to a fixed obligation, thus reducing the impact of interest rate changes on future interest expense. We believe this strategy will enhance our ability to manage cash flow within our Company.

Liquidity Outlook

We had approximately $13.2 million in cash and cash equivalents as of March 31, 2019. In addition, we have a Revolving Facility which provides for up to $75 million in borrowing capacity of which $5 million is outstanding at March 31, 2019. Based on our level of Adjusted EBITDA and the balance drawn, approximately $70 million was available at that same date. We believe that the cash on hand, available credit lines and positive cash flows generated from operations will provide adequate resources to meet our operating commitments and interest payments for at least the next 12 months from the issuance of these financial statements.

Capital Expenditures

We currently forecast capital expenditures in order to execute on our business plan and maintain growth; however, the actual amount and timing of such capital expenditures will ultimately be determined by the volume of business. We currently anticipate that our capital expenditures for the year ending December 31, 2019 will be in the range of $16 million to $20 million. During the three months ended March 31, 2019, we purchased approximately $5.2 million of capital equipment, software and leasehold improvements of which $2.0 million was acquired through capital lease obligations. We have funded and plan to continue funding these capital expenditures with lease financing arrangements, cash, and through bank loan facilities, if necessary.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions and select accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

There have been no significant changes to our critical accounting policies from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018, except for the adoption of new accounting standards, including the new standard related to leases. For further details regarding our leases, see Note C.

Related Party Transactions

On November 4, 2016, the Company entered into an amended and restated consulting agreement with Steven C. Jones, a director, officer and shareholder of the Company whereby Mr. Jones would provide consulting services to the Company in the capacity of Executive Vice President. The Amended and Restated Consulting Agreement has an initial term of November 4, 2016 through April 30, 2020, which automatically renews for additional one year periods unless either party provides notice of termination at least three months prior to the expiration of the initial term or any renewal term. On May 6, 2019, the Company and Mr. Jones entered into a letter agreement to modify certain provisions of the consulting agreement (the "Letter Agreement") which modifications included, by mutual agreement of the parties, the following: automatic expiration of the consulting agreement on April 30, 2020 unless the parties mutually agree to renew it in writing; a description of consulting services to be provided to the Company (the "Services") with a target of up to 15 hours per month of working time and attention to the Company; a fixed monthly cash consulting fee in the amount of $5,000 per month for the provision of Services; and continuation of health insurance coverage at the levels currently in effect.

During the three months ended March 31, 2019 and 2018,Mr. Jones earned approximately $38,000 and $46,000, respectively for consulting work performed in connection with his duties as Executive Vice President and for reimbursement of related expenses. During the same period, Mr. Jones also earned $12,500 and $12,500, respectively, as compensation for his services on the Board. Mr. Jones also received approximately $58,000 and $32,000 during the three months ended March 31, 2019 and 2018, respectively, as payment of his annual bonus compensation for the previous fiscal years. The Company did not grant stock options or restricted stock to any of its Board members, including Mr. Jones, during the three months ended March 31, 2019 or March 31, 2018.

Off-balance Sheet Arrangements

We do not use special purpose entities or other off-balance sheet financing techniques that we believe have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity or capital resources.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange rates, interest rates and other relevant market rate or price changes. We are exposed to market risk associated with changes in the LIBOR interest rate and foreign currency exchange rates. We regularly evaluate our exposure to such changes and may elect to minimize this risk through the use of interest rate swap agreements. For further details regarding our significant accounting policies relating to derivative instruments and hedging activities, see Note B to our Consolidated Financial Statements included in our Annual Report on Form 10-K. We do not have any material foreign operations or foreign sales and thus have limited exposure to foreign currency exchange rate risk.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As required by SEC Rule 15d-15, our management carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time the Company is engaged in legal proceedings in the ordinary course of business, see NoteL.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those set forth in Part I, Item 1A, “Risk Factors” contained in our Annual Report on Form 10-K for the for the year ended December 31, 2018; as filed with the SEC on February 26, 2019 and as amended and filed with the SEC on May 8, 2019.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT NO.	DESCRIPTION
10.1	Medical Services Agreement, dated December 5, 2018 between Lawrence Weiss, M.D., INC. and NeoGenomics Laboratories, Inc.
10.2	Employment Agreement, dated April 14, 2017 between NeoGenomics, Inc. and William Bonello
10.3	Letter Agreement, dated May 6 ,2019 between NeoGenomics, Inc. and Steven C. Jones
31.1	Certification by Principal Executive Officer pursuant to Rule 13a-14(a)/ 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by Principal Financial Officer pursuant to Rule 13a-14(a)/ 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Comprehensive Income (Loss) and (v) related notes

SIGNATURES

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

Date: May 8, 2019

NEOGENOMICS, INC.

By:	*/s/ Douglas M. VanOort*
Name:	Douglas M. VanOort
Title:	Chief Executive Officer

By:	*/s/ Sharon A. Virag*
Name:	Sharon A. Virag
Title:	Chief Financial Officer

Medical Services Agreement

This Medical Services Agreement ("Agreement") is made and entered into on upon the date of last signature ("Effective Date") by and between Lawrence Weiss, M.D., INC., a California professional corporation ("Medical Group"), with its mailing address at xxxxxxx and NEOGENOMICS LABORATORIES, INC., a Florida Corporation (together with its affiliates, "NeoGenomics"), with its mailing address at 12701 Commonwealth Dr., Suite 9, Fort Myers, FL 33913. NeoGenomics and Medical Group are each hereunder referred to individually as a "Party" and together as the "Parties."

RECITALS

WHEREAS, NeoGenomics and its affiliates operate clinical laboratories, licensed in accordance with the California Business and Professions Code, Sections 1200*et. seq*. and the regulations adopted pursuant thereto, and the Clinical Laboratory Improvement Amendments of 1988 (42 U.S.C. §263a) and the regulations adopted pursuant thereto ("CLIA"), and such laboratories owned and operated by NeoGenomics in other states (each of the forgoing, a "Laboratory" and collectively with any successor or additional laboratories that may be operated by NeoGenomics and its affiliates in the future, the "Laboratories"), in which it performs the technical component of certain high-complexity pathology tests ("Diagnostic Tests"); and

WHEREAS, NeoGenomics requires the professional services of Medical Group and desires to engage Medical Group to render and perform the professional component of the Diagnostic Tests through the services of one or more physicians employed by or under arrangement with Medical Group who are licensed and legally authorized to render such professional services in the State of California; and

WHEREAS, Medical Group is wholly-owned by and employs Lawrence Weiss, M.D., who is licensed and authorized to practice medicine in the State of California ("Physician") and is trained, experienced and board-certified in the field of pathology, and Medical Group is willing to provide the professional expertise and experience through its Physician in those areas required or desired by NeoGenomics; and

WHEREAS, NeoGenomics desires to contract with Medical Group for the rendition and performance of the professional component of the Diagnostic Tests and the provision of other medical services, as more fully described in this Agreement, and Medical Group agrees to render and perform the professional component of the Diagnostic Tests and to provide the other medical services as an independent contractor to NeoGenomics, on the terms and conditions set forth in this Agreement; and

WHEREAS, Medical Group desires to engage the services of NeoGenomics to provide administrative services in the manner hereinafter stated, and NeoGenomics agrees to provide such administrative services, on the terms and conditions stated in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby incorporated into this Agreement as an integral part hereof, and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NeoGenomics and Medical Group/Physician, intending to be legally bound, hereby agree as follows:

1. PROFESSIONAL COMPONENT AND OTHER MEDICAL SERVICES:

(a) Services. NeoGenomics shall engage Medical Group to provide and Medical Group shall employ Physician to perform the professional interpretation of the Diagnostic Tests performed by Laboratory (the "Professional Component Services"). In addition, Medical Group shall provide through Physician such other medical services including, but not limited to, providing liaison services with health care providers and ordering physicians, reviewing and establishing protocols for testing, establishing clinical parameters for procedures, evaluating and making recommendations regarding new diagnostic procedures, providing in-service education to the Laboratory staff, providing community education to medical service providers, seeking medical licensure of Physician in additional states in order to support the business objectives of NeoGenomics, and such other medical related functions as NeoGenomics may reasonably request ("Other Medical Services", and together with the Professional Component Services, the "Services"). Unless otherwise agreed upon between the parties in writing, Medical Group and Physician shall perform all functions related to the Professional Component Services at one of the Laboratories. Medical Group and Physician further agree that they will not provide services under this Agreement at any location other than one of the Laboratories unless such location has obtained the appropriate California licensures and has been CLIA certified. Physician also agrees that he or she is responsible for being in compliance with all state laws regarding licensure and permission to practice medicine at all times while performing Services under this Agreement. Medical Group agrees that it shall not have any person other than Physician provide Services under this Agreement without the express written consent of NeoGenomics. Medical Group shall also ensure that Physician and any other physician it appoints to provide Services under this Agreement with NeoGenomics' written consent shall have the appropriate qualification and expertise to perform the Services, including, being licensed as a physician to practice in the state of California, board certified in pathology, and that Physician and such other physicians that may provide Services hereunder shall maintain such qualifications during the term of this Agreement.

(b) Exclusivity to NeoGenomics. Medical Group and Physician agree that they will not permit their names to be used by, nor engage in or carry on, either individually or as an owner, manager, director or officer of any entity, or as an employee, agent, associate or consultant of any person or entity, any business or operation offering for profit genetic and molecular testing services related to cancer that are the same or similar to those offered by NeoGenomics ("Business") during the term of this Agreement, without prior written approval from NeoGenomics. Medical Group further agrees that it has not entered into and will not enter into any agreement or arrangements preventing or affecting Medical Group's or Physician's ability to perform any of its obligations under this Agreement or in any way interfering with NeoGenomics' Business during the term of this Agreement, and Medical Group agrees to indemnify and hold harmless NeoGenomics from any and all claims, damages, losses, liabilities, costs (including reasonable attorneys' fees) relating to any such agreements and/or arrangements. Medical Group hereby grants to NeoGenomics a fully-paid up, non-exclusive, non-transferable license to use all names, marks, seals and logos used by Medical Group in any reasonable manner which NeoGenomics considers beneficial to NeoGenomics, including without limitation, notices to patients, or listings in local newspapers, phone books or other publications.

(c) Medical Group's Obligations to Medical Group Personnel. Medical Group shall be solely responsible for the satisfaction of any and all obligations it assumes with respect to any person it retains, employs or contracts with to assist in its performance under this Agreement, including, but not limited to, Physician. Such obligations shall include, but not be limited to, payment of all federal and state withholding taxes applicable to employees, compliance with federal and state wage-hour obligations (including overtime), workers' compensation obligations, unemployment insurance obligations, and other applicable taxes and contributions to government mandated employment related insurance and similar programs. This provision shall survive any termination or expiration of this Agreement. Medical Group agrees that if it hires, contracts with, or otherwise retains the services of any other qualified physician(s), other than the Physician, to provide any of the Services under this Agreement with NeoGenomics' written consent, it will have any such other physicians execute an agreement that in part requires each such individual to comply and adhere to all the terms and conditions of this Agreement.

(d) Disclosures Regarding Medical Group and physicians working for Medical Group. Medical Group shall report promptly to NeoGenomics in writing any of the following events that occur at any time during the term of this Agreement. Should one of the events listed below occur regarding Physician or any other physician providing Services under this Agreement, Medical Group shall, upon request of NeoGenomics, prohibit the Physician or such other physician from providing any Services under this Agreement:

(i) any change in ownership or any type of disposition of Medical Group or the sale of substantially all of Medical Group's assets;

(ii) any allegation, or any investigation or proceeding based on any allegation, against Physician or other physician providing Services under this Agreement, of violating professional ethics or standards, or engaging in illegal, immoral or other misconduct (of any nature or degree), relating to the practice of medicine or any non-voluntary suspension or revocation of (1) such physician's license to practice medicine in any state, (2) such physician's state or federal controlled substances registration, (3) such physician's medical staff privileges at any hospital or other healthcare entity, (4) such physician's board certification or recertification, or (5) such physician's malpractice insurance that is maintained by NeoGenomics for the benefit of such physician under this Agreement;

(iii) any malpractice settlement, judgment, verdict or decree against Physician or other physician providing Services under this Agreement and/or any criminal complaint, indictment or criminal proceeding in which Physician or other physician providing Services under this Agreement is named as a defendant;

(iv) any investigation or disciplinary proceeding or action instituted against Physician or other physician providing Services under this Agreement by any licensure board, hospital, medical school, healthcare facility or entity, professional society or association, third party payor, professional review committee or body, or governmental agency, including, but not limited to, any license revocation by any licensure board;

(v) any investigation or proceeding, whether administrative, civil or criminal, relating to an allegation against Physician or other physician providing Services under this Agreement involving or related to (1) billing improprieties, (2) violations of the rules of Medicare, Medicaid or other federal state healthcare program, or (3) potential violations of any federal or state law prohibiting kick-backs, fee-splitting, false claims, or referrals to entities or individuals with which Physician or other physician providing Services under this Agreement or his or her immediate family has a financial/ownership interest; and

(vi) any condition that impairs or may impair Physician's or other physician providing Services under this Agreement's ability to practice medicine, including but not limited to, Physician's or such other physician's dependency on, or episodic abuse of, alcohol or controlled substances, or any participation in any alcohol or controlled substance detoxification, treatment, recovery, rehabilitation, counseling, screening or monitoring program.

2. NEOGENOMICS ADMINISTRATIVE SERVICES AND DUTIES: Medical Group hereby engages NeoGenomics to perform administrative services, which shall include certain administrative, billing, and non-physician services for the daily support of the business operations of Medical Group. These administrative services ("Administrative Services") shall include, without limitation:

i. Transcribing reports, transmitting reports to referring physicians, all other technical support necessary to allow Physician and such other physician hired by or under arrangement with Medical Group to provide the Services under this Agreement, non-medical staff support, marketing, advertising, office space, furniture, fixtures, equipment, facility and equipment maintenance, utilities, maintenance, janitorial services, supplies, managed care contract administration (including, without limitation, revenue recovery and member eligibility determination), accounting, bookkeeping, budgeting, storage, preparation of financial reports, billing (as set forth in this Agreement), accounts payable, accounts receivable, management information systems, facilities management, liability insurance, workers compensation insurance, and property and casualty insurance in connection with the Services provided by Medical Group through Physician or other physician hired by or under arrangement with Medical Group to NeoGenomics pursuant to this Agreement.

ii. During the term of this Agreement, NeoGenomics shall use its skills and efforts to the performance of, and to perform diligently on a timely basis, its duties. NeoGenomics shall comply with all applicable laws, regulations and administrative procedures of federal and state government agencies in the billing and collection of Professional Component Services rendered by Medical Group. NeoGenomics shall defend and indemnify Medical Group from any claim due or alleged to be due to false or fraudulent billing performed by NeoGenomics. Medical Group shall ensure that Physician and any other physicians employed by or under arrangement with Medical Group to provide Services under this Agreement retain full control over, and NeoGenomics shall exert no control over, the exercise of professional judgment and care in all tasks performed as a licensed physician and the administrative functions pertaining thereto.

iii. Notwithstanding anything herein to the contrary, the Parties acknowledge and agree that Physician and such other physician employed by or under arrangement with Medical Group to provide Services under this Agreement shall at all times exercise his/her own professional judgment in the practice of medicine, including but not limited to all patient care decisions appropriate to the specialty of pathology. Medical Group shall also ensure that Physician or such other physician employed by or under arrangement with Medical Group to provide Services under this Agreement retains final authority regarding the operations of Medical Group, including but not limited to the selection and retention (as it relates to clinical competency or proficiency) of clinical staff, contractual relationships with third-party payers, coding and billing of claims, and the selection of medical equipment and supplies.

3. COMPENSATION

iv. During the term of this Agreement, NeoGenomics agrees to compensate Medical Group as follows:

(a) As consideration for the Services provided by Medical Group through Physician or such other physician employed by or under arrangement with Medical Group hereunder, NeoGenomics shall pay to Medical Group a minimum annual amount (the "Base Compensation") equal to $576,300, payable in equal installments at such times as is consistent with normal NeoGenomics payroll policy. Medical Group acknowledges and agrees that such Base Compensation includes within it (A) $5,000 of additional compensation to help defray the cost of any continuing medical education ("CME") courses, professional association dues, books, and memberships of Medical Group's Physician or other physicians employed by or under arrangement with Medical Group to provide Services under this Agreement, and (B) $10,000 of additional compensation to help defray Medical Group's expenses with respect to the employer portion of the Medicare and Social Security payroll taxes and the workers compensation insurance coverage required under Section 4, and that such fees and expenses will not be separately reimbursable by NeoGenomics. Medical Group further acknowledges and agrees that any time spent by Physician or such other physician employed by or under arrangement with Medical Group to provide Services under this Agreement pursuing CME shall not be counted toward the Minimum Services Requirement under this Agreement without the express written consent of NeoGenomics. Medical Group also agrees that it will work in good faith to have each of its physicians providing Services hereunder meet the NeoGenomics quality and performance standards that it has established for pathologists.

NeoGenomics agrees that Physician will be entitled to 200 hours of paid time off ("PTO") per year (excluding legal holidays) with 40 of those hours used for the purpose

of completing CME courses. NeoGenomics further agrees that Physician or such other physician employed by or under arrangement with Medical Group to provide Services under this Agreement will not be expected to provide Services on any legal holidays formally recognized by NeoGenomics unless mutually agreed to with Medical Group on behalf of Physician or other Medical Group physician as part of the NeoGenomics pathologist rotation schedule. Medical Group agrees that it will notify NeoGenomics in writing of any time that Physician or other Medical Group physician will be unavailable to provide Services during normal working hours and, to the extent possible, at least four weeks in advance of any period in which Physician or other Medical Group physician will be unavailable to provide Services for longer than one day and agrees to coordinate any days in which Physician or other Medical Group physician will be unavailable to provide Services with NeoGenomics' Chief Executive Officer and/or the Medical Director of the Laboratory in which Physician or other Medical Group physician is providing Services and will work in good faith with NeoGenomics to schedule time off in a way that enables NeoGenomics to balance the workload of all physicians providing services to NeoGenomics so as not to jeopardize patient care or customer relationships. Medical Group and Physician further agree that Physician or any other Medical Group physician providing Services under this Agreement will not take PTO or otherwise be unavailable to provide Services for a period of longer than two (2) consecutive weeks at any given time while this Agreement is in effect without the prior written approval of NeoGenomics. Medical Group agrees to submit monthly reports to NeoGenomics within 15 days of the end of any given calendar month with the number of full working days (where no less than 8 hours of Services were provided) and the number of partial working days with the number of hours spent on each such partial working day in which Physician or other Medical Group physician provided Services in the previous month.

(b) Medical Group will be eligible for a performance-based bonus as a participant in the NeoGenomics Management Incentive Plan ("MIP"), which shall set annual target incentives for the Medical Group and other senior ranking employees that are determined by the Compensation Committee. NeoGenomics will target an annual bonus of up to 30% of the Medical Group's Base Salary (the "Target Bonus"), with the actual amount of the bonus if any, to be determined by and in the sole discretion of the Compensation Committee after consideration of specified metrics established by the Board or the Compensation Committee for such fiscal year. Medical Group shall be eligible to receive up to 200% of the Target Bonus in the event that NeoGenomics' and/or Medical Group's performance exceeds the thresholds set for the Target Bonus. Except as otherwise agreed to by the parties in writing, Medical Group must be engaged hereunder on the last day of a fiscal year in order to be eligible for a bonus for such fiscal year.

(c) Upon the Effective Date, Medical Group will be granted non-qualified stock options to purchase up to 25,000 shares of NeoGenomics common stock at an exercise price equivalent to the closing price per share at which NeoGenomics stock was quoted on the NASDAQ Bulletin Board on the last trading day prior to the Effective Date. The grant of such options will be made pursuant to the NeoGenomics stock option plan then in effect and will be evidenced by a separate Option Agreement, which NeoGenomics will execute with Medical Group within sixty (60) days of receiving a copy of the NeoGenomics Confidentiality and Non-Solicitation Agreement which has been executed by Medical Group. As long as the Agreement remains in effect, such options will have a five (5) year term from the Effective Date and will vest according to the following schedule:

8,333 at the one year anniversary of your Effective Date
8,333 at the second anniversary of your Effective Date
8,334 at the third anniversary of your Effective Date

(d) The Compensation shall be paid to the Medical Group without regard to the actual fees collected by NeoGenomics that may represent the reimbursement for the Professional Component Services of any Diagnostic Tests performed. If such fees actually collected are not sufficient to cover the Compensation, then NeoGenomics shall pay such difference from its own resources, and such amounts shall not be subject to reimbursement, recoupment or offset from previously paid or subsequently payable Compensation.

(e) Medical Group acknowledges and agrees that Physician and other physician employed by Medical Group to perform Services under this Agreement on a full-time basis will also be entitled to participate in all medical, dental, and insurance benefits that NeoGenomics offers to its independent contractors (reported on IRS Form 1099) in accordance with NeoGenomics' policy for such benefits at any given time. In this regard, NeoGenomics will pay that portion of such benefits as it would normally pay for full-time employees of NeoGenomics. Notwithstanding the forgoing, Medical Group understands and acknowledges that neither Physician nor other Medical Group physician will be eligible to participate in the NeoGenomics 401K Plan. NeoGenomics reserves the right to modify its benefit programs at any time in its sole discretion.

(f) This Agreement has been negotiated on the basis of the Medical Group employing only the Physician and that Medical Group will provide all Services to NeoGenomics under this Agreement through Physician. If Medical Group hires or retains additional physician(s) during the term of this Agreement, Medical Group agrees that Physician shall continue to be the primary provider of Medical Group's Services to NeoGenomics unless otherwise agreed upon in writing by NeoGenomics.

v. Medical Group hereby appoints NeoGenomics as its billing agent and NeoGenomics agrees to bill and collect for all Professional Component Services provided by Physician or other Medical Group physician on behalf of Medical Group during the term of this Agreement. NeoGenomics will bill for the technical component and the professional component of all Diagnostic Tests on a global basis, and all monies received by NeoGenomics for the Diagnostic Tests that is in excess of the Compensation will be retained by NeoGenomics as compensation for the Administrative Services provided in Section 2(a) (the "Administrative Fee"). Medical Group, Physician, and any other physician employed by Medical Group to perform Services under this Agreement shall do such things and execute such documents as necessary to enable NeoGenomics to bill and collect for the Professional Component Services rendered by Physician or other Medical Group physician pursuant to this Agreement. The Parties acknowledge that under the policies of the Center for Medicare and Medicaid Services, the Parties have joint and several liability with respect to any overpayment relating to claims submitted by NeoGenomics for Professional Component Services furnished by Medical Group through Physician and other Medical Group physicians. Medical Group agrees to complete and provide to NeoGenomics all documents, opinions, diagnoses, recommendations, records and other evidence necessary for supporting the fees charged for Professional Component Services. It is expressly understood that the extent to which NeoGenomics will endeavor to collect fees, the methods of collecting, the settling of disputes with respect to charges and the writing off of fees that may be or appear to be uncollectible shall at all times be at the reasonable discretion of NeoGenomics. NeoGenomics does not guarantee the extent any fees billed will be collected. Medical Group shall have the right at all reasonable times and upon the giving of reasonable notice to examine, inspect and copy the records of NeoGenomics pertaining to such fees, charges, billings, costs and expenses. Notwithstanding anything to the contrary herein, Medical Group and Physician agree to cooperate as necessary to facilitate NeoGenomics' entry into or maintenance of any arrangements with third party payors (e.g., entities that are authorized to contract for healthcare services under public or private health and/or hospital programs) during the term of this Agreement.

vi. Administrative Fee after Termination.

(g) Upon any termination of this Agreement, NeoGenomics shall continue to bill and collect for all Professional Component Services rendered by the Physician or other Medical Group physician to the date of termination. NeoGenomics will pay to Medical Group any sums due for Compensation with respect to Services rendered by Medical Group through the date of termination. NeoGenomics shall be entitled to retain all additional sums as post-termination Administrative Fee. Medical Group shall have no right, title or interest to accounts receivable, proceeds from accounts receivable or other income from any source derived in whole or in part from services rendered by Medical Group pursuant to this Agreement.

(h) If NeoGenomics terminates this Agreement without cause (as hereinafter defined) and without the required 90-days' written notice, then Medical Group shall be entitled to be paid the Base Compensation during the 90 day notification period and NeoGenomics will pay for continuation of insurances coverages under COBRA for Physician during such 90 day period. NeoGenomics shall be entitled to the Administrative Fee during such period. The Base Compensation and Administrative Fee will be adjusted ratably depending upon when the termination occurs during a calendar month.

vii. During the term of this Agreement, NeoGenomics agrees to reimburse Medical Group and/or Physician for fees and expenses in connection with performing Services hereunder as follows:

(i) NeoGenomics will reimburse Medical Group for all state licensing and associated fees of Physician or other Medical Group physician necessary to perform the Services on behalf of NeoGenomics under this Agreement.

(j) NeoGenomics will reimburse Medical Group for any travel, meals and other related expenses reasonably incurred by Physician or other Medical Group physician in connection with providing the Services hereunder, so long as such expenses are in accordance with the limits set forth in NeoGenomics' expense reimbursement policies. Medical Group shall ensure that any such travel, meals and other related expenses incurred by Physician or other Medical Group physician related to the provision of Services shall be within the limits imposed by the Stark Law and will promptly be reported to NeoGenomics within thirty (30) days of incurring such expenses.

4. INSURANCE: NeoGenomics will pay for and maintain professional liability insurance covering Physician and any other approved Medical Group physician on a claim-made basis for the Services provided under this Agreement, with coverage limits of at least One Million Dollars ($1,000,000) per incident and Three Million Dollars ($3,000,000) in aggregate or similar coverage. Such insurance will cover only the Services provided by Physician or other Medical Group physicians for NeoGenomics under this Agreement. If Physician or other Medical Group physician desires additional insurance coverage, it will be Medical Group's and/or the Physician's or other Medical Group physician's responsibility to obtain and pay for such coverage. Upon termination or expiration of this Agreement, NeoGenomics will continue to insure the incurred, but not reported incidents that arise out of Services performed by Physician or other Medical Group physician under this Agreement as part of its ongoing claims made policy. Medical Group agrees that it will obtain/secure Workers' Compensation insurance which complies with the statutory limits and Employers Liability of at least $500,000 each accident/policy for the Physician and any other Medical Group physicians providing Services hereunder. The Workers' Compensation policy must include a Waiver of Subrogation in favor of NeoGenomics. Medical Group, Physician, and other Medical Group physician(s) providing Services under this Agreement understand and acknowledge that they will have no claim to the Worker's Compensation policy of NeoGenomics. The cost of said insurance will be the responsibility of Medical Group. Medical Group agrees that it will provide a certificate of insurance evidencing such Workers Compensation policy within ten days of the date of this Agreement and annually thereafter upon renewal or at any other time requested by NeoGenomics in writing. In the event that Medical Group fails to procure such Workers Compensation insurance, NeoGenomics shall be entitled to purchase a Workers Compensation insurance policy covering Physician and any other Medical Group physicians providing Services hereunder and deduct any amounts paid for such insurance premiums from the Base Compensation in any months in which it incurs such premium expense.

5. RELATIONSHIP OF THE PARTIES: NeoGenomics, on the one hand, and Medical Group, on the other hand, shall act at all times under this Agreement as independent contractors. Nothing in this Agreement shall be construed or be deemed to create a relationship of employer and employee or principal and agent or any relationship other than that of independent Parties contracting with each other solely for the purpose of carrying out the purposes expressed in this Agreement. The Medical Group shall ensure that Physician and other Medical Group physicians exercise at all times independent medical judgment with regard to the performance of Services under this Agreement. NeoGenomics shall provide the Administrative Services to Medical Group pursuant to the terms of this Agreement and as required by the laws and regulations governing licensed and CLIA-certified clinical laboratories. Medical Group shall ensure that Physician and other Medical Group physicians are solely responsible for determining the manner in which the Services are provided and shall ensure that such Services are rendered in accordance with the applicable professional standards of care. Medical Group shall ensure that Physician and other Medical Group physicians at all times are governed and abide by all applicable clinical licensure, certification, and accreditation laws, regulations, and standards, and the policies and procedures of NeoGenomics adopted to comply with such standards. The relationship of the Parties is and shall remain that of independent parties to a contractual relationship as specified in this Agreement. Each Party shall be and remain responsible for all hiring and firing decisions relating to its personnel and for all costs associated with its personnel, including but not limited to salaries, wages, other compensation, taxes, tax withholding and fringe benefits (if any). In the event the Internal Revenue Service or other government agency should challenge the independent contractor status of the Parties, the Parties agree that each Party shall have the right to participate in any discussions or negotiations associated therewith.

6. NO CONNECTION TO REFERRALS: The Parties agree and acknowledge that the respective services to be rendered by the Parties as contemplated by this Agreement shall constitute valuable and necessary services to the other Party, and that the amounts payable under Section 3 of this Agreement represent the fair market value of the items and services to be rendered by each Party. The Parties further acknowledge that it is their intention that compensation payable under this Agreement shall be for actual services rendered and shall not represent, and is not intended to represent remuneration, direct or indirect, in consideration for the referral of patients or business generated between the Parties, if any.

7. TERM AND TERMINATION

viii. The term of this Agreement shall commence on the date of last signature or such other date as shall be mutually agreed upon between the parties (the "Start Date"), and shall continue for an initial term of one (1) year, unless otherwise terminated as provided herein. Thereafter, this Agreement shall automatically renew for subsequent terms of one (1) year, unless otherwise terminated as provided herein.

ix. Termination for Cause:

(k) NeoGenomics may terminate this Agreement at any time for "Cause" (as hereinafter defined), effective immediately upon written notice to Medical Group. As used herein, the term "Cause" shall mean: (A) commission of a material breach of this Agreement, which breach is curable, in the judgment of NeoGenomics, and continues 30 days after receipt of notice which states with particularity the nature of the breach; (B) Medical Group, Physician, or any Medical Group physician is charged with a felony or misdemeanor involving moral turpitude; (C) Medical Group, Physician or other Medical Group physician commits an act or omission that could subject Medical Group, Physician, other Medical Group physician or NeoGenomics to administrative sanctions, civil or criminal penalties, fines; or assessments; (D) termination, restriction, suspension, exclusion or debarment of Medical Group's, Physician's, or other Medical Group physician's participation in the Medicare, Medi-Cal, Medicaid, or any other private, state or federal health benefit program; (E) Medical Group, Physician, or other Medical Group physician is charged with a violation of any law pertaining to the performance or rendition of health care goods or services, health care fraud or abuse, or insurance fraud; (F) revocation, restriction, suspension or other non-voluntary loss of Physician's or other Medical Group physician's license to practice medicine in any jurisdiction, or (G) any repeated behavior of Physician or other Medical Group physician at any of the Laboratories that in the good faith judgment of the Chief Executive Officer of NeoGenomics violates the policies and procedures of NeoGenomics relating to discrimination, harassment or work place violence.

(l) Medical Group also may terminate this Agreement at any time for "Cause" (as hereinafter defined), effective immediately upon written notice to NeoGenomics. As used herein, the term "Cause" shall mean a material breach of this Agreement by NeoGenomics which breach continues after 30 days' notice and opportunity to cure.

x. Termination Without Cause: NeoGenomics or Medical Group may terminate this Agreement without cause, and for any reason or no reason, at any time after giving written notice of its intention to terminate to the other Party at least ninety (90) days prior to the intended date of termination; provided, however, that NeoGenomics, in its discretion, may make such termination effective immediately or on some date prior to the expiration of such 90-day notice period, in which event NeoGenomics will pay Medical Group during such 90-day period, or the remainder of such 90-day period, as provided in Section 3(c)(i) above.

xi. Change in Law: In the event there is a change or clarification in law, regulation, or policy by a court or governmental agency with regulatory jurisdiction over the Parties such that any of the terms or provisions of this Agreement could be deemed to be in violation or contravention of applicable law or regulations, or either Party's right to compensation for its services will be affected materially and adversely by such changes or clarifications, the Parties agree to take such actions as may be necessary to modify this Agreement and to do such other things as they deem prudent or necessary to bring the affected provisions or terms into compliance while maintaining the Parties in substantially the same economic position. If the Parties are unable to mutually agree to amend the affected provisions of this Agreement after good faith negotiations, either Party may terminate the Agreement by providing not less than thirty (30) days advance written notice to the other, it being the express intent of the Parties that this Agreement comply at all times with applicable federal and California laws and regulations. The negotiation period shall be shortened as necessary to prevent either Party from operating in violation of applicable law.

8. PROPRIETARY CONFIDENTIAL INFORMATION AND TRADE SECRETS: Neither Party hereto shall derive from this Agreement any proprietary interest in the other Party, and each Party agrees that it will not, during the term of this Agreement or at any time thereafter, either directly or indirectly, divulge, communicate or use to the detriment of the other Party, any confidential information or trade secrets of the other Party, including without limitation any financial information, information relating to the pricing of the technical or professional services, know-how, copyrighted materials or other information relating to each Party's business and any other information provided to the other Party which is not publicly available from independent sources. Each Party further agrees that, immediately upon the request of the other Party, it will deliver to the requesting Party all documents and other materials (including copies, if any) which constitute the confidential information of the requesting Party, it will not retain copies of any such documents or materials, and it will use its best efforts to recover all such information obtained by others or to make others keep the information confidential. An authorized officer of the returning Party shall certify the return of all confidential information in writing to the requesting Party. Medical Group further agrees that it will have Physician and any other Medical Group physician providing Services under this Agreement enter into the form of Confidentiality and Non-Solicit Agreement attached hereto as Exhibit 1, which shall be read *in pari materia* with this Agreement in their respective individual capacities. Physician expressly agrees that he or she will enter into such Confidentiality and Non-Solicit Agreement prior to or simultaneously with Medical Group's execution of this Agreement.

9. ASSIGNMENT: This Agreement shall not be assignable, in whole or in part, by either Party without the written consent of the other Party, except that:

xii. NeoGenomics, with prior notice to but without the consent of Medical Group, may assign its rights and delegate its obligations under this Agreement to an affiliate; or to any unaffiliated corporation, firm or other business entity (i) with or into which NeoGenomics may merge or consolidate; or (ii) to which NeoGenomics may sell or transfer all or substantially all of its assets. After any such assignment by NeoGenomics, NeoGenomics shall be discharged from all further obligations hereunder and such assignee shall thereafter be deemed to be "NeoGenomics" for the purposes of all provisions of this Agreement.

xiii. This Agreement secures the Services of Medical Group based upon the professional training, experience and qualifications of Physician and other Medical Group physicians as required by NeoGenomics. Accordingly, Medical Group shall ensure that Physician or other Medical Group physicians do not delegate any duties, responsibilities or obligations without the advance written consent of NeoGenomics.

10. SURVIVAL AND REMEDIES: Medical Group acknowledges and agrees that Medical Group's covenants in this Agreement are reasonable and necessary in order to protect the legitimate interests of NeoGenomics, and that any violation thereof by Medical Group would result in irreparable injuries to NeoGenomics. Therefore, Medical Group acknowledges and agrees that, in the event of a violation by Medical Group of any of those covenants, NeoGenomics shall be entitled to obtain, from any court of competent jurisdiction, temporary, preliminary and permanent injunctive relief to prevent a threatened breach or to obtain a halt to an actual breach by Medical Group of any of Medical Group's covenants contained in this Agreement, in addition to any other rights or remedies to which NeoGenomics may be entitled at law or in equity by reason of any such breach or threatened breach of this Agreement

11. HIPAA: The Parties agree to comply with applicable federal and state privacy and security laws and regulations, including those enacted pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Each Party shall document all services rendered in the clinical laboratory records of NeoGenomics during the term hereof in accordance with the policies and procedures of NeoGenomics. Medical Group shall ensure that Physician and other Medical Group physician shall prepare and submit such interpretive reports, forms, and documents as reasonably requested by NeoGenomics to document the services rendered pursuant to this Agreement. Medical Group may retain copies of all interpretive reports prepared by Physician and any other Medical Group physician in connection with the Diagnostic Tests, which copies shall be owned by Medical Group. Unless required by service of process or law, Medical Group shall not provide access to or copies of records to any person other than on behalf of and at the request of NeoGenomics. Medical Group shall promptly advise NeoGenomics upon receipt of any request for records.

12. SEVERABILITY: If any provision of this Agreement is held to be invalid, illegal or unenforceable, then that provision shall be reformed to the maximum extent permitted to preserve the Parties' original intent as agreed by the Parties; failing which, such provision shall be severed from this Agreement with the balance of the Agreement continuing in full force and effect. Such occurrence shall not have the effect of rendering the provision in question invalid in any other jurisdiction, case or circumstance, or of rendering invalid any other provisions of this Agreement to the extent that such other provisions are not themselves actually in conflict with any applicable law.

13. COSTS OF ENFORCEMENT: In any dispute arising under or relating to this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' and paralegals' fees and expenses incurred. For this purpose, the term "prevailing Party" shall mean the Party whose position is substantially sustained in the settlement or in the final judgment rendered in any litigation.

14. HEADINGS: The headings appearing in this Agreement are for convenience and reference only and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of this Agreement.

15. COUNTERPARTS: This Agreement may be executed in any number of counterparts, and by each of the undersigned on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts put together shall constitute but one and the same Agreement.

16. NOTICE: Any and all notices required, or permitted, to be given under this Agreement will be sufficient if furnished in writing and shall be effective immediately upon personal delivery, or the following day if sent by facsimile transmission with confirmation of receipt, or two days after being deposited in the U.S. Postal Service, postage prepaid, registered or return receipt requested, or two days after being deposited with a commercial overnight courier (e.g., Federal Express, DHL, UPS, etc.), return receipt or confirmation of delivery requested, to the address set forth herein or to such other address of record furnished by either Party to the other in accordance with this Section 15.

17. PARTICIPATION IN FEDERAL AND STATE HEALTH PROGRAMS: Each of the Parties hereto warrants and represents that neither it, nor any of its officers, directors, or employees, is or has been debarred, suspended, excluded or otherwise ineligible to participate in any federal or state health program. Each Party hereby agrees that it shall notify the other Party in writing within five (5) days should it become debarred, suspended, excluded or otherwise ineligible to participate in any federal or state health program. In addition, Medical Group further hereby warrants and represents that neither Physician nor any physician employed by or under arrangement with Medical Group to provide Services under this Agreement is, or has been, debarred, suspended, excluded or otherwise ineligible to participate in any federal or state health program, and Medical Group shall notify NeoGenomics in writing within five (5) business days should any such person providing Services under this Agreement become debarred, suspended, excluded or otherwise ineligible to participate in any federal or state health program. In the event either Party receives such notice or becomes aware that the other Party, Physician, or other Medical Group physician, has been disbarred, suspended, excluded or otherwise ineligible to participate in any federal or state health program, it may immediately terminate this Agreement upon written notice to the other Party.

18. COOPERATION REGARDING CLAIMS AND LITIGATION: Medical Group shall fully cooperate, and ensure that Physician and any other Medical Group physician fully cooperates, in assisting NeoGenomics and its duly authorized employees, agents, representatives and attorneys in investigating, defending or prosecuting incidents involving potential claims or lawsuits arising out of or in connection with the Services provided under this Agreement. This provision shall survive any termination or expiration of this Agreement.

19. NO THIRD PARTY BENEFICIARY: None of the provisions contained in this Agreement are intended by the Parties, nor shall they be deemed, to confer any benefit on any person not a party to this Agreement. This provision shall survive any termination or expiration of this Agreement.

20. INDEMNIFICATION: No Party hereto shall be liable for any loss or liability not caused by such Party's own negligence or willful act or omission, or such Party's failure to comply with its obligations hereunder, and each Party hereto agrees to indemnify and hold harmless the other from and against any and all claims, expenses, losses, and obligations arising out of such party's negligent acts or omissions. This provision shall survive the termination or expiration of this Agreement. This provision shall survive any termination or expiration of this Agreement.

21. ACCESS MAINTENANCE OF BOOKS AND RECORDS: Each Party agrees, in connection with this Agreement, to comply with Section 1861(v)(1)(I) of the Social Security Act, which is hereby incorporated herein, as it may be amended. The availability of books, documents and records hereunder shall be subject at all times to such criteria and procedures for seeking and obtaining access as may be promulgated by the Secretary of the Department of Health and Human Services, or other authorized federal officials, by rule, regulation or as otherwise provided by applicable law. The Parties agree that NeoGenomics shall maintain and control all documents prepared, created, received and or generated under this Agreement for such period of time as is required by law. Should this Agreement terminate, Medical Group may be provided with the originals or copies of any such records Medical Group and/or Physician or other Medical Group physician are required by law to maintain, except that should such documents be unable to be reasonably segregated from NeoGenomics' records, Medical Group hereby appoints NeoGenomics its attorney-in-fact/custodian to maintain such records on behalf of Medical Group until such time as the records may be disposed by law. This provision shall survive any termination or expiration of this Agreement.

AGREED TO AND ACCEPTED

NeoGenomics:
NEOGENOMICS LABORATORIES, INC.

By */s/ Douglas M. VanOort*
Douglas M. VanOort
Chairman and Chief Executive Officer

Medical Group:
Lawrence Weiss, M.D., INC.

By: */s/ Lawrence M. Weiss*
Lawrence Weiss, M.D.
President

Physician hereby individually joins in this Agreement for the purpose of agreeing to comply with those provisions of the Agreement relating to Physician.

By: */s/ Lawrence M. Weiss*
Name: Lawrence Weiss, M.D.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made this 14th day of April, 2017 by and between NeoGenomics, Inc. a Nevada corporation ("NeoGenomics" or the "Employer" and collectively with any entity that is wholly orpartially owned by NeoGenomics, the "Company"), located at 12701 Commonwealth Drive, Suite #5, Fort Myers, Florida 33913 and William Bonello ("Executive"), an individual who resides at xxxx.

RECITALS:

WHEREAS, the Company is engaged in the business of providing genetic and molecular diagnostic testing services to doctors, hospitals and other healthcare institutions; and

WHEREAS, NeoGenomics desires to employ Executive as an officer in the capacity of Vice President, Treasurer, and Director of Corporate Development, and Executive desires to be employed by NeoGenomics in such capacity, in accordance with the terms, covenants, and conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Employer and Executive agree as follows:

1. Employment and Term. Subject to the terms and conditions set forth in this Agreement, the Company hereby offers and the Employee hereby accepts employment beginning on April 19, 2017, or such other date as may be mutually agreed upon in writing (the "Effective Date"). The Employee's employment with the Company will be "at will" as such term is construed under Florida law. Either the Employee or the Company may terminate such employment at any time and for any reason, subject to the provisions of Section 5 hereof. For purposes of this Agreement, the period from the Effective Date until the termination of the Executive's employment shall hereinafter be referred to as the "Term".

2. Position and Duties.

a) **Position**. During the Term hereof, Executive shall serve the Company as the Vice President, Treasurer, and Director of Corporate Development of both NeoGenomics, Inc., the parent company, and NeoGenomics Laboratories, Inc., the primary operating subsidiary, or such other position or positions as the Company may in the future determine, at such location or locations as the Company may determine after consultation with the Executive. Executive will report to and be subject to the general supervision and direction of the Chief Financial Officer ("CFO") and/or Chief Executive Officer ("CEO") of the Company, depending on the circumstances. If requested, Executive will serve in similar capacities for each or any subsidiary of NeoGenomics without additional compensation.

b) **Duties**. Executive shall perform such duties as are customarily performed by someone holding the title of Vice President, Treasurer, and Director of Corporate Development in the same or similar businesses or enterprises as that engaged in by the Company and such other duties as the CFO and/or CEO may assign from time to time. Executive shall devote his full business time and his best efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Company and its affiliates and to the discharge of his duties and responsibilities hereunder. Executive shall not engage in any other business activity or serve in any industry, trade, professional, governmental or academic position during the Term, except as may be expressly in advance by the CFO and/or CEO in writing;

provided, however, that Executive may, without advance approval, participate in charitable activities and passive personal activities, provided that such activities do not, individually or in the aggregate, interfere with the performance of Executive's duties under this Agreement, are not in conflict with the business interests of the Company or any of its affiliates, and do not violate the terms of that certain Confidentiality, Non-Solicitation and Non-Compete Agreement attached hereto as Addendum A.

c) **Compliance with Policies, Practices, etc.** During the Term hereof, Executive shall comply with all Company policies, practices and procedures and all codes of ethics and or business conduct as may be in effect for officers of the Company from time to time.

3. Compensation and Benefits of Executive. The Company shall compensate Executive for Executive's services rendered under this Agreement as follows:

a) **Base Salary.** Unless otherwise adjusted by the Compensation Committee of the Board (the "Compensation Committee"), the Company shall pay Executive a base salary of $325,000 per annum (the "Base Salary"), payable in equal installments at such times as is consistent with normal Company payroll policy.

b) **Bonus.** Executive will be eligible for a performance-based bonus as a participant in the Company's Management Incentive Plan ("MIP"), which shall set annual target incentives for the Executive and other senior ranking employees that are determined by the Compensation Committee. The Company will target an annual bonus of up to 35% of the Executive's Base Salary (the "Target Bonus"), with the actual amount of the bonus, if any, to be determined by and in the sole discretion of the Compensation Committee after consideration of specified metrics established by the Board or the Compensation Committee for such fiscal year. Executive shall be eligible to receive up to 200% of the Target Bonus in the event that the Company's and/or the Executive's performance exceeds the thresholds set for the Target Bonus. Except as otherwise agreed to by the parties in writing, Executive must be employed hereunder on the last day of a fiscal year in order to be eligible for a bonus for such fiscal year.

c) **Benefits.** Subject to the eligibility requirements (including, but not limited to, participation by part-time employees), and enrollment provisions of the Company's employee benefit plans, Executive may, to the extent he so chooses, participate in any and all of the Company's employee benefit plans, at the Company's expense. All Company benefits are identified in the Employee Handbook and are subject to change without notice or explanation. In addition, subject to the eligibility requirements (including, but not limited to, participation by a part-time employee) and enrollment provisions of the Company's executive benefit programs, Executive shall also be entitled to participate in any and all other benefits programs established for officers of the Company.

d) **Stock Options**. On the Effective Date, Executive will be granted an option to purchase 100,000 shares of the Company's common stock (the "Options") on the terms and conditions listed below. Such Options will have a strike price equal to the fair market value of the common stock as of the Effective Date, which pursuant to NeoGenomics' Amended and Restated Equity Incentive Plan ("Plan"), shall be equal to the closing price per share of NeoGenomics' common stock on the last trading day immediately preceding the Effective Date. The vesting provisions of such Options shall be as outlined below. These Options shall be treated as incentive stock options ("ISOs") to the maximum extent permitted under applicable law, and the remainder of the Options, if any, shall be treated as non-qualified stock options. The grant of these Options will be made pursuant to the Company's Plan and will be evidenced by a separate

option agreement ("Option Agreement") to be executed by the Company and Executive, which will contain all the terms and conditions of the Options (including, but not limited to, the provisions set forth in this Section 3(d)). So long as Executive remains employed by the Company, such Options will have a five (5) year term before expiration.

Vesting	
34,000	Options will vest on the first anniversary of the Effective Date.
2,750	Options will vest each month beginning on the 13th monthly anniversary of the Effective Date and continuing on each monthly anniversary thereafter until the third anniversary of the Effective Date.

Executive understands that, pursuant to the Plan, upon termination of his employment, he will only have ninety (90) days to exercise any vested portion of the Options. All Options awarded pursuant to this Section 3(d) will contain a provision in the Option Agreement that allows for immediate vesting of any unvested portion of the Options in the event that a change of control of NeoGenomics is consummated

e) **Paid Time-Off and Holidays**. Executive's paid time-off ("PTO") and holidays shall be consistent with the standards set forth in the Company's Employee Handbook, as revised from time to time or as otherwise published by the Company. Notwithstanding the previous sentence, Executive will be eligible for twenty (20) days (160 hours) of PTO per year, which will accrue on a pro-rata basis beginning on the Effective Date and may be carried over from year to year. It is the Company's policy that when Executive's accrued PTO balance reaches two hundred (200) hours, Executive will cease accruing PTO until accrued PTO is one hundred sixty (160) hours or less, at which point Executive will again accrue PTO until Executive reaches one hundred sixty (160) hours. Executive is eligible to use PTO after completing three (3) months of employment. In addition to PTO, there are also six (6) paid national holidays and one (1) floating holiday, and three (3) sick days available to Executive per calendar year. Executive agrees to schedule such PTO so that it minimally interferes with the Company's operations. Such PTO does not include Company excused absences.

f) **Reimbursement of Normal Business Expenses**. The Company will reimburse all reasonable business expenses of Executive, including, but not limited to, cell phone expenses and business related travel, meals and entertainment expenses in accordance with the Company's polices for such reimbursement.

4. Termination. The parties agree that any termination of the Executive under this Agreement will be governed as follows:

a) **By the Company for Cause.** The Company shall have the right to terminate this Agreement and to discharge the Executive for Cause (as defined below), at any time during the Term. For the purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon:

(i) failure to materially perform and discharge the duties and responsibilities of Executive under this Agreement after receiving written notice and allowing Executive ten (10) business days to create a plan to cure such failure(s), such plan being acceptable to the Company, and a further thirty (30) days to cure such failure(s), if so curable, *provided, however*, that after one such notice has been given to Executive and the thirty (30) day cure period has lapsed, the Company is no longer required to provide time to cure subsequent failures under this provision, or

(ii) any breach by Executive of the material provisions of this Agreement; or

(iii) misconduct which, in the good faith opinion and sole discretion of the Board of Directors, is injurious to the Company; or

(iv) felony conviction involving the personal dishonesty or moral turpitude of Executive; or a determination by the Company, after consideration of all available information, that Executive has willfully and knowingly violated Company policies or procedures involving discrimination, harassment, or work place violence; or

(v) engagement in illegal drug use or alcohol abuse which prevents Executive from performing his duties in any manner, or

(vi) any misappropriation, embezzlement or conversion of the Company's opportunities or property by the Executive; or

(vii) willful misconduct, recklessness or gross negligence by the Executive in respect of the duties or obligations of the Executive under this Agreement and/or the Confidentiality, Non-Solicitation or Non-Competition Agreement.

Any termination for Cause pursuant to this Section shall be given to the Executive in writing and shall set forth in detail all acts or omissions upon which the Company is relying to terminate the Executive for Cause. If an Executive is terminated for Cause, the Executive shall only be entitled to receive his accrued and unpaid Salary, bonus and other benefits through the termination date and the Company shall have no further obligations under this Agreement from and after the date of termination.

b) **By the Company without Cause.** At any time during the Term, the Company shall have the right to terminate this Agreement and to discharge the Executive without Cause effective upon delivery of written notice to the Executive. If the Company terminates the Executive without Cause for any reason, then the Company agrees that as severance it will continue to pay the Executive's Base Salary in accordance with Section 3(a) ("Severance Payments") for twelve (12) months from the date of the notice of termination. Executive further agrees that in the event that he obtains employment during any period where Severance Payments are being made, he will promptly notify the Company of the nature of his new employment. Provided that such employment does not violate the terms of the Confidentiality, Non-Solicitation and Non-Compete Agreement, such Severance Payments will continue to be paid. Other than the Severance Payments, the Company shall have no further obligation to the Executive after the date of such termination; provided, however, that the Executive shall only be entitled to continuation of the

Severance Payments as long as he is in compliance with the provisions of the Confidentiality, Non-Solicitation & Non-Compete Agreement, which is part of this Agreement. If termination without Cause shall occur at any time, then the pro rata portion of any unvested time-based options (as specified in Section 3(d)) up until the date of notice of termination that are due to vest in the year or month of termination shall vest.

The Executive acknowledges and agrees that any and all payments to which he would be entitled under this Paragraph 5b are conditioned upon and subject to his execution of a general waiver and release, in such reasonable form as counsel for the Company shall determine, of all claims the Executive has or may have against the Company.

c) **By Resignation of the Executive**. The Executive may terminate his employment hereunder, upon giving sixty (60) days written notice to the Company. The Executive agrees that, unless otherwise agreed upon in writing, during such sixty (60) day period no more than one week of unused PTO may be utilized and that all other unused PTO up to the time of termination shall be forfeited. In the event of such a termination, the Executive shall comply with any reasonable request of the Company to assist in providing for an orderly transition of authority, but such assistance shall not delay the Executive's termination of employment longer than the Executive's original notice of termination. Upon such a termination, the Executive shall become entitled to any accrued but unpaid salary and other benefits up to and including the date of termination and the pro rata portion of any unvested time-based options (as specified in Section 3(d)) up until the date of separation that are due to vest in the year or month of separation shall vest.

d) **Disability of the Executive**. This Agreement may be terminated by the Company upon the Disability of the Executive. "Disability" shall mean any mental or physical illness, condition, disability or incapacity which prevents the Executive from reasonably discharging his duties and responsibilities under this Agreement for a period of ninety (90) days in any one hundred eighty (180) day period. In the event that any disagreement or dispute shall arise between the Company and the Executive as to whether the Executive suffers from any Disability, then, in such event, the Executive shall submit to the physical or mental examination of a physician licensed under the laws of the State of Florida, who is agreeable to the Company and the Executive, and such physician shall determine whether the Executive suffers from any Disability. In the absence of fraud or bad faith, the determination of such physician shall be final and binding upon the Company and the Executive. The entire cost of such examination shall be paid solely by the Company. In the event the Company has purchased disability insurance for Executive, the Executive shall be deemed disabled if he is disabled as defined by the terms of the disability policy. On the date that the Executive is deemed to have a Disability, this Agreement will be deemed to have been terminated and the Executive shall be entitled to receive from the Company his accrued and unpaid Base Salary, bonus and other benefits through the termination date. If a termination of the Executive by Disability shall occur at any time, then the pro rata portion of any unvested time-based options (as specified in Section 3(d)) up until the date of the Executive's termination that were due to vest in the year or month of the Executive's termination shall vest. Other than as set forth in the immediately preceding two sentences, the Company shall have no further salary or bonus payment or other benefits obligations under this Agreement from and after the date of termination due to Disability.

e) **Death of the Executive**. In the event of the death of Executive, the employment of the Executive by the Company shall automatically terminate on the date of the Executive's death and the Company shall be obligated to pay Executive's estate (i) the Executive's accrued and unpaid Base Salary,

bonus and other benefits through the termination date. If the death of the Executive shall occur at any time, than the pro rata portion of any unvested time-based options up until the date of the Executive's death that were due to vest in the year or month of the Executive's death shall vest. Other than as set forth in the immediately preceding two sentences, the Company shall have no further obligations under this Agreement from and after the date of termination due to the death of the Executive.

5. Effect of Termination. The provisions of this Section 5 shall apply to any termination of the Executive's employment under this Agreement, whether pursuant to Section 4 or otherwise.

a) Provision by the Company of Severance Payments, if any, due to the Executive in accordance with this Agreement shall constitute the entire obligation of the Company to the Executive hereunder. The Executive shall promptly give the Company notice of all facts necessary for the Company to determine the amount and duration of its obligations in connection with any termination pursuant to this Agreement.

b) Except for any right of the Executive to continue medical, vision, or dental plan participation in accordance with applicable law or as expressly provided herein, the Executive's participation in all Employee Benefit Plans shall terminate pursuant to the terms of the applicable plan documents based on the date of termination of the Executive's employment without regard to any Severance Payments, notice required hereunder, or any other payment made to or on behalf of the Executive following such date of termination.

c) Provisions of this Agreement shall survive any termination of the Executive's employment if so provided herein or if necessary or desirable fully to accomplish the purposes of other surviving provisions, including without limitation the obligations of the Executive under the Confidentiality, Non-Solicitation & Non-Compete Agreement. The obligation of the Company to provide Severance Payments hereunder is expressly conditioned on the Executive's continued full compliance with the terms of the Confidentiality, Non-Compete & Non-Solicitation Agreement. The Executive acknowledges that, except as expressly provided in Section 4(b), no compensation is earned after termination of employment.

6. Confidentiality, Non-Solicitation & Non-Compete Agreement. Executive agrees to the terms of the Confidentiality, Non-Solicitation and Non-Compete Agreement attached hereto as Addendum A and has signed that Agreement. Such Confidentiality, Non-Solicitation and Non-Compete Agreement is hereby incorporated into and made a part of this Agreement.

7. Importance of Certain Clauses. Executive and Employer agree that the covenants contained in the Confidentiality, Non-Solicitation and Non-Compete Agreement attached hereto and incorporated into this Agreement are material terms of this Agreement and all parties understand the importance of such provisions to the ongoing business of the Employer. As such, because the Employer's continued business and viability depend on the protection of such secrets and non-competition, these clauses are interpreted by the parties to have the widest and most expansive applicability as may be allowed by law and Executive understands and acknowledges his or her understanding of same.

8. Consideration. Executive acknowledges and agrees that the provision of employment under this Agreement and the execution by the Employer of this Agreement constitute full, adequate and sufficient consideration to Executive for the Executive's duties, obligations and covenants under this Agreement and under the Confidentiality, Non-Solicitation and Non-Compete Agreement incorporated into this Agreement.

9. Acknowledgement of Post Termination Obligations. Upon the effective date of termination of Executive's employment (unless due to Executive's death), if requested by the Employer, Executive shall participate in an exit interview with the Employer and certify in writing that Executive has complied with his contractual obligations and intends to comply with his continuing obligations under this Agreement, including, but not limited to, the terms of the Confidentiality, Non-Solicitation and Non-Compete Agreement. To the extent it is known or applicable at the time of such exit interview, Executive shall also provide the Employer with information concerning Executive's subsequent employer and the capacity in which Executive will be employed. Executive's failure to comply shall be a material breach of this Agreement, for which the Employer, in addition to any other civil remedy, may seek equitable relief.

10. Withholding. All payments made to Executive shall be made net of any applicable withholding for income taxes and Executive's share of FICA, FUTA or other employment taxes. The Company shall withhold such amounts from such payments to the extent required by applicable law and remit such amounts to the applicable governmental authorities in accordance with applicable law.

11. Representations of Executive. Executive represents and warrants to NeoGenomics that (a) nothing in his past legal and/or work and/or personal experiences, which if became broadly known in the marketplace, would impair his ability to serve as the Chief Operating Officer of a publicly-traded company or materially damage his credibility with public shareholders; (b) he has not been convicted of any criminal offense related to health care, or been debarred, sanctioned, excluded or otherwise made ineligible for participation in a federal or state health care program by any federal or state agency; (c) there are no restrictions, agreements, or understandings whatsoever to which he is a party which would prevent or make unlawful his execution of this Agreement or employment hereunder, (d) Executive's execution of this Agreement and his employment hereunder shall not constitute a breach of any contract, agreement or understanding, oral or written, to which he is a party or by which he is bound, (e) Executive is free and able to execute this Agreement and to continue employment with NeoGenomics, and (f) Executive has not used and will not use confidential information or trade secrets belonging to any prior employers to perform services for the Company.

12. Compliance Agreements. Executive agrees to provide services to the Company in compliance with all applicable federal and state laws and regulations, as well as all compliance guidance published by federal or state agencies, including, without limitation, the Medicare and Medicaid anti-kickback law, the Stark self-referral prohibition, and compliance guidance published by the Office of the Inspector General of the Department of Health and Human Service, and to assist the Company in remaining educated and in compliance with respect to such laws and regulations and compliance guidance. Executive acknowledges that he understands these requirements, and shall remain educated and informed regarding the applicable federal and state laws and regulations, as well as all compliance guidance published by federal or state agencies. In the event that Executive knows or suspect that any activities of the Company or any personnel or contractor of the Company, or any client of the Company implicates any such requirements or guidance, he agrees that he will immediately inform the CFO and/or CEO of the Company and cooperate fully with the Company to investigate and address any compliance issues arising as a result of such known or suspected activities. Executive further understands and acknowledges that compliance with this paragraph shall be a condition of employment.

13. Effect of Partial Invalidity. The invalidity of any portion of this Agreement shall not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall remain in full force and effect.

14. Entire Agreement. This Agreement, together with the other documents referenced herein, reflects the complete agreement between the parties regarding the subject matter identified herein and shall supersede all other previous agreements, either oral or written, between the parties. The parties stipulate that neither of them, nor any person acting on their behalf has made any representations except as are specifically set forth in this Agreement and each of the parties acknowledges that it or he has not relied upon any representation of any third party in executing this Agreement, but rather have relied exclusively on it or his own judgment in entering into this Agreement.

15. Assignment. Employer may assign its interest and rights under this Agreement at its sole discretion and without approval of Executive to a successor in interest by the Employer's merger, consolidation or other form of business combination with or into a third party where the Employer's stockholders before such event do not control a majority of the resulting business entity after such event. All rights and entitlements arising from this Agreement, including but not limited to those protective covenants and prohibitions set forth in the Confidentiality, Non-Solicitation and Non-Compete Agreement attached as Addendum A and incorporated into this Agreement shall inure to the benefit of any purchaser, assignor or transferee of this Agreement and shall continue to be enforceable to the extent allowable under applicable law. Neither this Agreement, nor the employment status conferred with its execution is assignable or subject to transfer in any manner by Executive.

16. Notices. All notices, requests, demands, and other communications shall be in writing and shall be given by registered or certified mail, postage prepaid, a) if to the Employer, at the Employer's then current headquarters location, and b) if to Executive, at the most recent address on file with the Company for Executive or to such subsequent addresses as either party shall so designate in writing to the other party.

17. Remedies. If any action at law, equity or in arbitration, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party may, if the court or arbitrator hearing the dispute, so determines, have its reasonable attorneys' fees and costs of enforcement recouped from the non-prevailing party.

18. Amendment/Waiver. No waiver, modification, amendment or change of any term of this Agreement shall be effective unless it is in a written agreement signed by both parties. No waiver by the Employer of any breach or threatened breach of this Agreement shall be construed as a waiver of any subsequent breach unless it so provides by its terms.

19. Governing Law, Venue and Jurisdiction. This Agreement and all transactions contemplated by this Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Florida without regard to any conflicts of laws, statutes, rules, regulations or ordinances. Executive consents to personal jurisdiction and venue in the Circuit Court in and for Lee County, Florida regarding any action arising under the terms of this Agreement and any and all other disputes between Executive and Employer.

20. Arbitration. Any and all controversies and disputes between Executive and Employer arising from this Agreement or regarding any other matter whatsoever shall be submitted to arbitration before a single unbiased arbitrator skilled in arbitrating such disputes under the American Arbitration Association, utilizing

its Commercial Rules. Any arbitration action brought pursuant to this section shall be heard in Fort Myers, Lee County, Florida. The Circuit Court in and for Lee County, Florida shall have concurrent jurisdiction with any arbitration panel for the purpose of entering temporary and permanent injunctive relief, but only with respect to any alleged breach of the Confidentiality, Non-Solicitation and Non-Compete Agreement.

21. Headings. The titles to the sections of this Agreement are solely for the convenience of the parties and shall not affect in any way the meaning or interpretation of this Agreement.

22. Miscellaneous Terms. The parties to this Agreement declare and represent that:

a. They have read and understand this Agreement;

b. They have been given the opportunity to consult with an attorney if they so desire;

c. They intend to be legally bound by the promises set forth in this Agreement and enter into it freely, without duress or coercion;

d. They have retained signed copies of this Agreement for their records; and

e. The rights, responsibilities and duties of the parties hereto, and the covenants and agreements contained herein, shall continue to bind the parties and shall continue in full force and effect until each and every obligation of the parties under this Agreement has been performed.

23. Counterparts. This Agreement may be executed in counterparts and by facsimile, or by pdf, each of which shall be deemed an original for all intents and purposes.

Signatures appear on the following page.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NEOGENOMICS, INC., a Nevada Corporation

By: /s/ Douglas M. VanOort

Name: Douglas M. VanOort

Title: Chairman & Chief Executive Officer

EXECUTIVE:

/s/ William Bonello

Name: William Bonello

Addendum A

Form of Confidentiality, Non-Solicitation & Non-Compete Agreement

May 6, 2019

Steven C. Jones

Re: Letter Agreement to Modify Provisions of Consulting Agreement

Dear Steve:

This letter agreement (the "Letter Agreement") serves to document our mutual agreement to make certain modifications to the Amended and Restated Consulting Agreement (the "Agreement"), dated November 4, 2016 by and between NeoGenomics, Inc. (the "Company") and Steven C. Jones ("Executive", and collectively with the Company, "we" or the "parties") effective the date of this Letter Agreement (the "Letter Agreement Effective Date"). We have agreed that it is in the mutual best interest of the parties to modify the Agreement as follows.

1. Paragraph 1 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Term of Engagement. This Agreement shall be effective from the Effective Date until April 30, 2020 (the "Initial Term").After the Initial Term, this Agreement shall automatically expire unless the parties mutually agree to renew it in writing. For purposes of this Agreement, the period from the Effective Date until the termination of this Agreement for any reason shall hereinafter be referred to as the "Term." Notwithstanding the foregoing, the Company and/or Executive shall have the right to terminate this Agreement pursuant to paragraph 7 hereof at any time."

1. Paragraph 2 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Services. During the Term, Executive will provide consulting services to the Company, subject to the direction of the Company's Chief Executive Officer. Without limiting the generality of the foregoing, it is presently contemplated that the Executive shall provide the following services ("Services") to the Company on an as requested basis:

a) Provide advice and guidance to the Company with respect to major growth initiatives, and/or potential mergers or acquisitions;

b) Provide leadership, guidance and assistance to the Company in raising debt or equity capital, when requested to do so;

c) Provide advice and assistance on i) contracts with employees, vendors, clients, and strategic partners, and ii) other business topics related to the operations or growth of the Company;

d) Such other duties as may be assigned from time-to-time by the Chief Executive Officer of the Company."

1. Paragraph 3 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Agreements of NeoGenomics Pursuant to this Agreement, NeoGenomics agrees to provide such support as Executive may reasonably request in order to perform the duties outlined in paragraph 2, and providing access to such information as Executive may reasonably require in order to provide the Services contemplated by this Agreement."

1. Paragraph 4 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Time Commitment; Place of ServiceThe parties agree that, if requested by the Company, he will target up to 15 hours per month of working time and attention to the Company, or such other amounts as may be mutually agreed upon with Company. Company agrees that Executive shall be free to provide the Services from any location, including locations that are not Company facilities. Notwithstanding the forgoing, Executive agree to provide Services at one or more of the Company's facilities from time to time in order to support business meetings if requested by the Company."

1. Paragraph 5 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Compensation and Expenses. In consideration for the services rendered by the Executive to the Company from the date of this Amendment throughout the Term, the Company shall compensate Executive as follows:

a) Monthly Retainer. The Company agrees to pay Executive a fixed monthly cash consulting fee (the "Base Retainer") in the amount of $5,000 per month. Such payments will be made monthly within ten (10) business days of the end of the month for which services were provided via ACH transfer to Executive's designated bank account.

b) Extraordinary Projects. The Company agrees that in the event it requests the Executive's assistance on any extraordinary or overly time consuming projects, it will compensate Executive at the rate of $300 per hour, subject to a $3,000/day cap, for any time spent on such projects in excess of the target service levels outlined above for any given month, or such other amount as may be mutually agreed upon by Executive and Company.

c) Expenses. In addition to any compensation payable hereunder, the Company shall also reimburse Executive for all expenses reasonably incurred by Executive in connection with the services performed on behalf of NeoGenomics under this Agreement including, but not limited to, airfare, hotel, food, and a standard mileage allowance pursuant to IRS guidelines for travel on Company business using a personally owned vehicle (collectively "Business Expenses"), upon providing the original receipts and an expense report for such expenses in accordance with the Company's expense reimbursement policy then in effect.

d) Health Insurance. The Company agrees that it will continue to provide health insurance coverage for the Executive and his family at the levels currently in effect, subject to the portion payable by the Executive pursuant to the health insurance policy in effect for senior executives of the Company at any given time, throughout the Term of the Agreement, or for such other period or in such other amounts as the parties may mutually agree in writing."

The parties further acknowledge and agree Executive relinquished the title of "Executive Vice President" as of April 4, 2019.

Unless otherwise modified pursuant to this Letter Agreement, all other sections of the Agreement shall remain in full force and effect.

If you agree that the above correctly memorializes the mutual agreement of the parties regarding the subject matter herein, please so indicate by signing below.

Sincerely,

By: /s/ Douglas M. VanOort

Douglas M. VanOort
Chairman and Chief Executive Officer
NeoGenomics, Inc.

ACKNOWLEDGED AND AGREED:

EXECUTIVE:

By: /s/ Steven C. Jones
Steven C. Jones

EXHIBIT 31.1

CERTIFICATIONS

I, Douglas M. VanOort, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant 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 registrant, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

May 8, 2019

/s/ Douglas M. VanOort

Douglas M. VanOort

Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Sharon Virag, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant 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 registrant, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

May 8, 2019

/s/ Sharon A. Virag

Sharon A. Virag

Chief Financial Officer

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 this Quarterly Report of NeoGenomics, Inc. (the "Company") on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities 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 his 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 operations of the Company.

Date: May 8, 2019

/s/ *Douglas M. VanOort*
Douglas M. VanOort
Chief Executive Officer

Date: May 8, 2019

/s/ Sharon A. Virag
Sharon A. Virag
Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906, or other document authenticating, 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.