

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 September 30, 2008.

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: 333-72097

**NEOGENOMICS, INC.**

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

74-2897368

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

12701 Commonwealth Drive, Suite 9,

Fort Myers, FL 33913

(239)-768-0600

(Address, including zip code, and area code and telephone  
number of Registrant's principal executive offices)

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of November 5, 2008, the registrant had 31,712,546 shares of Common Stock, par value \$0.001 per share outstanding

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## **FORWARD-LOOKING STATEMENTS**

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

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

**NEOGENOMICS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	September 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 631,365	\$ 210,573
Accounts receivable (net of allowance for doubtful accounts of \$283,111 and \$414,548, respectively)	3,381,066	3,236,751
Inventories	344,608	304,750
Other current assets	900,146	400,168
Total current assets	5,257,185	4,152,242
<b>PROPERTY AND EQUIPMENT</b> (net of accumulated depreciation of \$1,374,942 and \$862,030, respectively)	2,495,146	2,108,083
<b>OTHER ASSETS</b>	275,087	260,575
<b>TOTAL ASSETS</b>	<u>\$ 8,027,418</u>	<u>\$ 6,520,900</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,904,694	\$ 1,799,159
Accrued expenses and other liabilities	955,405	1,319,580
Revolving credit line	1,176,221	-
Short-term portion of equipment capital leases	449,776	242,966
Total current liabilities	4,486,096	3,361,705
<b>LONG TERM LIABILITIES</b>		
Long-term portion of equipment capital leases	1,054,321	837,081
<b>TOTAL LIABILITIES</b>	<u>5,540,417</u>	<u>4,198,786</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.001 par value, (100,000,000 shares authorized; 31,686,355 and 31,391,660 shares issued and outstanding, respectively)	31,686	31,391
Additional paid-in capital	17,373,756	16,820,954
Accumulated deficit	(14,918,441)	(14,530,231)
Total stockholders' equity	<u>2,487,001</u>	<u>2,322,114</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 8,027,418</u>	<u>\$ 6,520,900</u>

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

**NEOGENOMICS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

	For the Nine- Months Ended September 30, 2008	For the Nine- Months Ended September 30, 2007	For the Three- Months Ended September 30, 2008	For the Three- Months Ended September 30, 2007
<b>NET REVENUE</b>	\$ 14,094,959	\$ 7,709,408	\$ 5,050,796	\$ 3,122,714
<b>COST OF REVENUE</b>	6,577,549	3,623,860	2,535,318	1,521,313
<b>GROSS PROFIT</b>	7,517,410	4,085,548	2,515,478	1,601,401
<b>OPERATING EXPENSES</b>				
General and administrative	7,706,284	5,664,053	2,635,608	2,178,339
Interest expense, net	199,336	205,806	74,995	14,325
Total operating expenses	7,905,620	5,869,859	2,710,603	2,192,664
<b>NET INCOME (LOSS)</b>	\$ (388,210)	\$ (1,784,311)	\$ (195,125)	\$ (591,263)
<b>NET INCOME (LOSS) PER SHARE</b>				
- Basic	\$ (0.01)	\$ (0.06)	\$ (0.01)	\$ (0.02)
- Diluted	\$ (0.01)	\$ (0.06)	\$ (0.01)	\$ (0.02)
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>				
- Basic	31,414,065	29,221,778	31,440,327	31,309,353
- Diluted	31,414,065	29,221,778	31,440,327	31,309,353

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

**NEOGENOMICS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**  
(unaudited)

	September 30, 2008	September 30, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Loss	\$ (388,210)	\$ (1,784,311)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for bad debts	1,095,387	506,286
Depreciation	512,913	295,297
Impairment of assets	-	2,235
Amortization of debt issue costs	35,321	15,615
Amortization of lease cap costs	4,080	2,516
Amortization of relocation costs	8,862	15,450
Amortization of credit facility warrants	-	39,285
Stock-based compensation	229,539	203,850
Non-cash consulting expenses	99,813	121,879
Changes in assets and liabilities, net:		
(Increase) decrease in accounts receivable, net of write-offs	(1,239,702)	(1,765,635)
(Increase) decrease in inventories	(39,857)	(299,269)
(Increase) decrease in pre-paid expenses	(405,841)	(191,434)
(Increase) decrease in deposits	(14,512)	(16,925)
Increase (decrease) in accounts payable and other liabilities	(79,447)	665,998
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(181,654)</b>	<b>(2,189,163)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(370,218)	(406,747)
Purchase of convertible debenture	-	(200,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(370,218)</b>	<b>(606,747)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances / (repayments) to affiliates, net	-	(1,675,000)
Advances / (repayments) on credit facility	1,176,221	-
Repayment of capital leases	(244,612)	(110,000)
Issuance of common stock and warrants for cash, net of transaction expenses	41,055	5,266,578
Repayment of notes payable	-	(2,000)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>972,664</b>	<b>3,479,578</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>420,792</b>	<b>683,668</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>210,573</b>	<b>126,266</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 631,365</b>	<b>\$ 809,934</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 171,606	\$ 169,320
Income taxes paid	\$ -	\$ -
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Equipment leased under capital leases, including \$140,000 in accrued expenses at December 31, 2007	\$ 538,761	\$ 464,811
Equipment purchased and included in accounts payable at September 30, 2008	\$ 126,227	\$ -

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



NEOGENOMICS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2008

**NOTE A – NATURE OF BUSINESS AND BASIS OF FINANCIAL STATEMENT PRESENTATION**

Nature of Business

NeoGenomics, Inc., a Nevada corporation, (the “Parent”) and its subsidiary, NeoGenomics, Inc., a Florida corporation, doing business as NeoGenomics Laboratories (“NEO”, “NeoGenomics” or the “Subsidiary”) (collectively referred to as “we”, “us”, “our”, or the “Company”) operates as a certified “high complexity” clinical laboratory in accordance with the federal government’s Clinical Laboratory Improvement Amendments of 1988 (“CLIA”), and is dedicated to the delivery of clinical diagnostic services to pathologists, oncologists, urologists, hospitals, and other laboratories throughout the United States.

Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of the Parent and the Subsidiary. All significant intercompany accounts and balances have been eliminated in consolidation.

The accompanying condensed consolidated financial statements of the Company are unaudited and include all adjustments, in the opinion of management, which are necessary to make the financial statements not misleading. Except as otherwise disclosed, all such adjustments are of a normal recurring nature. Interim results are not necessarily indicative of results for a full year.

The interim condensed consolidated financial statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not contain certain information included in the Company’s 2007 Annual Report on Form 10-KSB. Therefore, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company’s annual report.

Net Income (Loss) Per Common Share

We compute net income (loss) per share in accordance with Financial Accounting Standards Statement No. 128 “Earnings per Share” (“SFAS 128”) and Securities and Exchange Commission (“SEC”) Staff Accounting Bulletin No. 98 (“SAB 98”). Under the provisions of SFAS No. 128 and SAB 98, basic net income (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares outstanding as of September 30, 2008 and 2007, which consisted of employee stock options and certain warrants issued to consultants and other providers of financing to the Company, were excluded from diluted net loss per common share calculations as of such dates because they were anti-dilutive. For the three and nine months ended September 30, 2008 and 2007, we reported net loss per share and as such basic and diluted loss per share were equivalent.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 provides a new single authoritative definition of fair value and provides enhanced guidance for measuring the fair value of assets and liabilities and requires additional disclosures related to the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. SFAS 157 was effective for the Company as of January 1, 2008 for financial assets and financial liabilities within its scope and did not have a material impact on our consolidated financial statements.



In February 2008, the FASB issued FASB Staff Position No. FAS 157-2 “Effective Date of FASB Statement No. 157” (“FSP FAS 157-2”) which defers the effective date of SFAS 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years for items within the scope of FSP FAS 157-2. The Company is currently assessing the impact, if any, of SFAS 157 and FSP FAS 157-2 for non-financial assets and non-financial liabilities on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159 “The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115.” (“SFAS 159”). SFAS 159 permits an entity to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The Company adopted this Statement as of January 1, 2008 and has elected not to apply the fair value option to any of its financial instruments.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51.” (“SFAS 160”). SFAS 160 requires all entities to report noncontrolling (minority) interests in subsidiaries as equity in the consolidated financial statements. Its intention is to eliminate the diversity in practice regarding the accounting for transactions between an entity and noncontrolling interests. This Statement is effective for the Company as of January 1, 2009 and currently, we do not expect it to have a material impact on the Company’s financial statements.

In May 2008, the FASB issued SFAS No. 162 (“SFAS 162”), “The Hierarchy of Generally Accepted Accounting Principles” (“SFAS 162”). This statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP. While this statement formalizes the sources and hierarchy of GAAP within the authoritative accounting literature, it does not change the accounting principles that are already in place. This statement will be effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, “The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles.” SFAS 162 is not expected to have a material impact on the Company’s financial statements.

## **NOTE B – DEBT OBLIGATION**

### Revolving Credit and Security Agreement

On February 1, 2008, our subsidiary, NeoGenomics, Inc., a Florida corporation (“Borrower”), entered into a Revolving Credit and Security Agreement (the “Credit Facility” or “Credit Agreement”) with CapitalSource Finance LLC (“CapitalSource”), the terms of which provide for borrowings based on eligible accounts receivable up to a maximum borrowing of \$3,000,000, as defined in the Credit Agreement. Subject to the provisions of the Credit Agreement, CapitalSource shall make advances to us from time to time during the three (3) year term, and the Credit Facility may be drawn, repaid and redrawn from time to time as permitted under the Credit Agreement.

Interest on outstanding advances under the Credit Facility are payable monthly in arrears on the first day of each calendar month at an annual rate based on the one-month LIBOR plus 3.25%, subject to a LIBOR floor of 3.14%. At September 30, 2008, the effective rate of interest was 6.50%.

To secure the payment and performance in full of the Obligations (as defined in the Credit Agreement), we granted CapitalSource a continuing security interest in and lien upon, all of our rights, title and interest in and to our Accounts (as defined in the Credit Agreement), which primarily consist of accounts receivable and cash balances held in lock box accounts. Furthermore, pursuant to the Credit Agreement, the Parent guaranteed the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all of our obligations. The Parent guaranty is a continuing guarantee and shall remain in force and effect until the indefeasible cash payment in full of the Guaranteed Obligations (as defined in the Credit Agreement) and all other amounts payable under the Credit Agreement.

On September 30, 2008, the available credit under the Credit Facility was approximately \$851,000 and the outstanding borrowing was \$1,176,221 after netting of \$66,857 in compensating cash on hand. Subsequent to September 30, 2008, the Company and CapitalSource signed a first amendment to the Credit Agreement, as further explained in Note G.

## NOTE C – LIQUIDITY

Our condensed consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. At September 30, 2008, we had stockholders' equity of \$2,487,001. On February 1, 2008, we entered into a revolving credit facility with CapitalSource Finance, LLC, which allows us to borrow up to \$3,000,000 based on a formula which is based upon our eligible accounts receivable, as defined in the Credit Agreement. As of September 30, 2008, we had approximately \$631,000 in cash on hand and \$851,000 of availability under our Credit Facility. On November 5, 2008, we entered into a common stock purchase agreement with Fusion Capital Fund II, LLC ("Fusion") that provides for future sales of our common stock to Fusion in amounts up to \$8.0 million over the next 30 months in amounts and at times that are solely in our discretion as described in Footnote G. On November 5, 2008, we also entered into a master lease agreement with Leasing Technologies International, Inc which allows us to draw as much as \$1.0 million over the next twelve months to purchase capital equipment as described in Footnote G. As such, we believe we have adequate resources to meet our operating commitments for the next twelve months and accordingly our condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

## NOTE D – COMMITMENTS AND CONTINGENCIES

### US Labs Settlement

On October 26, 2006, Accupath Diagnostics Laboratories, Inc. d/b/a US Labs, a California corporation ("US Labs") filed a complaint in the Superior Court of the State of California for the County of Los Angeles (entitled Accupath Diagnostics Laboratories, Inc. v. NeoGenomics, Inc., et al., Case No. BC 360985) (the "Lawsuit") against the Company and Robert Gasparini, as an individual, and certain other employees and non-employees of NeoGenomics (the "Defendants") with respect to claims arising from discussions with current and former employees of US Labs. On March 18, 2008, we reached a preliminary agreement to settle US Labs' claims, and in accordance with SFAS No. 5, *Accounting For Contingencies*, as of December 31, 2007 we accrued a \$375,000 loss contingency, which consisted of \$250,000 to provide for the Company's expected share of this settlement, and \$125,000 to provide for the Company's share of the estimated legal fees up to the date of settlement.

On April 23, 2008, the Company and US Labs entered into a Settlement Agreement and Release (the "Settlement Agreement") whereby both parties agreed to settle and resolve all claims asserted in and arising out of the aforementioned lawsuit. Pursuant to the Settlement Agreement, the Defendants are required to pay \$500,000 to US Labs, of which \$250,000 was paid with funds from the Company's insurance carrier in May 2008 and the remaining \$250,000 is being paid by the Company in equal installments of \$31,250 commencing on May 31, 2008. Under the terms of the Settlement Agreement, there are certain provisions agreed to in the event of default. As of September 30, 2008, the remaining amount due was \$93,750, and no events of default had occurred.

### Private Placement of Common Stock and Related SEC Review

During 2007, we received a comment letter from the SEC Staff questioning certain matters disclosed in our Form 10-KSB as of and for the year ended December 31, 2006. As a result, we were unable to effectively complete the Registration Statement filed in connection with the June 2007 private placement (the "Private Placement") of the Company's common stock. As of December 31, 2007 and pursuant to the terms of the Private Placement, the Company accrued \$282,000 in penalties as liquidated damages, which were expected to be incurred for the period commencing on the 120<sup>th</sup> day following the Private Placement through June 2008, the date we anticipated to be able to effectively complete the Registration Statement for the Private Placement shares.

On April 29, 2008, we filed an amended 2006 Form 10-KSB/A with the SEC, and on April 30, 2008 we received correspondence from the SEC that they have completed their review and that they had no further comments.

On June 3, 2008, we filed a Registration Statement on Form S-1/A, and received a notice of effectiveness for the Private Placement shares on July 1, 2008. In September, 2008 the Company paid \$40,500 in cash and issued 170,088 shares of common stock at \$1.00 per share for a value of \$170,088 for a total of \$210,588 to the holders of the Private Placement shares to settle the penalty amounts due. The remaining \$71,412 in accrued penalties was reversed in September, 2008 as certain shareholders had previously sold their shares, thus forfeiting their rights to any penalties paid.

#### **NOTE E – RELATED PARTY TRANSACTIONS**

During the nine month periods ended September 30, 2008 and 2007, Steven C. Jones, a director of the Company, earned \$105,000 and \$50,000, respectively, for various consulting work performed in connection with his duties as Acting Principal Financial Officer.

During the nine month periods ended September 30, 2008 and 2007, George O’Leary, a director of the Company, earned \$9,500 and \$9,500, respectively, in cash for various consulting work performed for the Company.

On September 30, 2008, the Company entered into a sale leaseback arrangement for approximately \$130,000 of used laboratory equipment with Gulfpointe Capital, LLC. Three members of our board of directors Steven Jones, Peter Petersen and Marvin Jaffe are affiliated with Gulfpointe Capital, LLC. This sale/leaseback transaction was entered into after it was determined that Leasing Technologies International Inc. was unable to consummate this transaction under the lease line described in Footnote G and Messrs Jones, Peterson and Jaffe recused themselves from all aspects of both sides of this transaction. The lease has a 30 month term and a lease rate factor of 0.0397/month, which equates to monthly payments of \$5,154.88 during the term. Gulfpointe Capital, LLC also received 32,475 warrants with an exercise price of \$1.08, and a five year term. 25% of the warrants vested upfront and 75% vested on October 2, 2008 when the lease was funded. At the end of the term the Company options are as follows:

- a) Purchase not less than all of the equipment for its then Fair Market Value (“FMV”) not to exceed 15% of the original equipment cost.
- b) Extend the lease term for a minimum of six (6) months.
- c) Return not less than all the equipment at conclusion of the lease term.

#### **NOTE F – POWER 3 MEDICAL PRODUCTS, INC.**

On April 2, 2007, we entered into an agreement (the “Letter Agreement”) with Power3 Medical Products, Inc., a New York Corporation (“Power3”), regarding the formation of a joint venture Contract Research Organization (“CRO”) and the issuance of convertible debentures and related securities by Power3 to us. Power3 is an early stage company engaged in the discovery, development, and commercialization of protein biomarkers. Under the terms of the agreement, NeoGenomics and Power3 agreed to enter into a joint venture agreement pursuant to which the parties would jointly own a CRO and begin commercializing Power3’s intellectual property portfolio of seventeen patents pending by developing diagnostic tests and other services around one or more of the more than 500 differentially expressed protein biomarkers that Power3 believes it has discovered to date. Power3 has agreed to license all of its intellectual property on a non-exclusive basis to the CRO for selected commercial applications as well as provide certain management personnel. We will provide access to cancer samples, management and sales & marketing personnel, laboratory facilities and working capital. Subject to final negotiation, we will own a minimum of 60% and up to 80% of the new CRO venture.

As part of the agreement, we provided \$200,000 of working capital to Power3 by purchasing a convertible debenture on April 17, 2007 pursuant to a Securities Purchase Agreement (the "Purchase Agreement") between us and Power3. The debenture has a term of two years and a 6% per annum interest rate which is payable quarterly on the last calendar day of each quarter. We were also granted two options to increase our stake in Power3 to up to 60% of Power3's fully diluted shares. The first option (the "First Option") is a fixed option to purchase convertible preferred stock of Power3 that is convertible into such number of shares of Power3 Common Stock, in one or more transactions, up to 20% of Power3's voting Common Stock at a purchase price per share, which will also equal the initial conversion price per share, equal to the lesser of (a) \$0.20 per share, or (b) \$20,000,000 divided by the fully-diluted shares outstanding on the date of the exercise of the First Option. This First Option is exercisable for a period starting on the date of purchase of the convertible debenture by NeoGenomics and extending until the day which is the later of (y) November 16, 2007 or (z) the date that certain milestones specified in the agreement have been achieved. As of September 30, 2008, the milestones described in the letter agreement had not been met. The First Option is exercisable in cash or NeoGenomics Common Stock at our option, provided, however, that we must include at least \$1.0 million of cash in the consideration if we elect to exercise this First Option. The second option (the "Second Option"), which is only exercisable to the extent that we have exercised the First Option, provides that we will have the option to increase our stake in Power3 to up to 60% of fully diluted shares of Power3 over the twelve month period beginning on the expiration date of the First Option in one or a series of transactions by purchasing additional convertible preferred stock of Power3 that is convertible into voting Common Stock and the right to receive additional warrants. The purchase price per share, and the initial conversion price of the Second Option convertible preferred stock will, to the extent such Second Option is exercised within six months of exercise of the First Option, be the lesser of (a) \$0.40 per share or (b) \$40,000,000 divided by the fully diluted shares outstanding on the date of exercise of the Second Option. The purchase price per share, and the initial conversion price of the Second Option convertible preferred stock will, to the extent such Second Option is exercised after six months, but within twelve months of exercise of the First Option, be the lesser of (y) \$0.50 per share or (z) an equity price per share equal to \$50,000,000 divided by the fully diluted shares outstanding on the date of any purchase. The exercise price of the Second Option may be paid in cash or in any combination of cash and our Common Stock at our option.

As of September 30, 2008, the parties were engaged in negotiations to clarify and amend certain terms of the Letter Agreement. Until such time as an agreement can be reached with Power3 modifying the original terms of the Letter Agreement, it is the position of NeoGenomics that Power3 has not yet met the milestones outlined in the original agreement and, as a result, the First Option and Second Option are still valid.

The convertible debenture, because it is convertible into restricted shares of stock, is recorded under the fair value method at its initial cost of \$200,000 if the stock price of Power3 is less than \$0.20 per share or at fair value if the stock price of Power3 is greater than \$0.20 per share. As of September 30, 2008, the stock price of Power3 was less than \$0.20 per share and, accordingly, the convertible debenture is carried at cost and is included in Other Assets.

## **NOTE G – SUBSEQUENT EVENTS**

### Common Stock Purchase Agreement

On November 5, 2008, we entered into a common stock purchase agreement (the "Stock Agreement") with Fusion Capital Fund II, LLC an Illinois limited liability company ("Fusion"). The Stock Agreement, which has a term of 30 months, provides for the future funding of up to \$8.0 million from sales of our common stock to Fusion on a when and if needed basis as determined by us in our sole discretion. In consideration for entering into this Stock Agreement, on October 10, 2008, we issued to Fusion 17,500 shares of our common stock (valued at \$14,700 on the date of issuance) and \$17,500 as a due diligence expense reimbursement. In addition, on November 5, 2008, we issued to Fusion 400,000 shares of our common stock (valued at \$280,000 on the date of issuance) as a commitment fee. Concurrently with entering into the Stock Agreement, we entered into a registration rights agreement with Fusion. Under the registration rights agreement, we agreed to file a registration statement with the SEC covering the 417,500 shares that have already been issued to Fusion and at least 3.0 million shares that may be issued to Fusion under the Stock Agreement. Presently, we expect to sell no more than this initial 3.0 million shares to Fusion during the term of this Stock Agreement.

Under the Stock Agreement, after the SEC has declared effective the registration statement related to the transaction, we have the right to sell to Fusion shares of our common stock from time to time in amounts between \$50,000 and \$1.0 million, depending on the market price of our common stock. The purchase price of the shares related to any future funding under the Stock Agreement will be based on the prevailing market prices of our stock at the time of such sales without any fixed discount, and the Company will control the timing and amount of any sales of shares to Fusion. Fusion shall not have the right or the obligation to purchase any shares of our common stock on any business day that the price of our common stock is below \$0.45 per share. The Stock Agreement may be terminated by us at any time at our discretion without any cost to us. There are no negative covenants, restrictions on future funding from other sources, penalties, further fees or liquidated damages in the agreement.

Given our current liquidity position from cash on hand and our availability under our Credit Facility with CapitalSource, we have no immediate plans to issue common stock under the Stock Agreement. If and when we do elect to sell shares to Fusion under this agreement, we expect to do so opportunistically and only under conditions deemed favorable by the Company. Any proceeds received by the Company from sales under the Stock Agreement will be used for general corporate purposes, working capital, and/or for expansion activities.

#### Equipment Lease Line

On November 5, 2008, the Subsidiary entered into a master lease agreement with Leasing Technologies International, Inc. The master lease agreement establishes the general terms and conditions pursuant to which the Subsidiary may lease equipment pursuant to a \$1,000,000 lease line. Advances under the lease line may be made for one year by executing equipment schedules for each advance. The lease term of any equipment schedules issued under the lease line will be for 36 months. The lease rate factor applicable for each equipment schedule is 0.0327/month. If the Subsidiary makes use of the entire lease line, the monthly rent would be \$32,700. Monthly rent for the leased equipment is payable in advance on the first day of each month. The obligations of the Subsidiary are guaranteed by the Parent Company. At the end of the term of each equipment schedule the Subsidiary may:

- (a) Renew the lease with respect to such equipment for an additional 12 months at fair market value;
- (b) Purchase the equipment at fair market value, which price will not be less than 10% of cost nor more than 14% of cost;
- (c) Extend the term for an additional six months at 35% of the monthly rent paid by lessee during the initial term, equipment may then be purchased for the lesser of fair market value or 8% of cost; or
- (a) Return the equipment subject to a remarketing charge equal to 6% of cost.

#### First Amendment to Revolving Credit and Security Agreement

On November 3, 2008 the Company and CapitalSource signed a first amendment to the Credit Agreement. This amendment increased the amount allowable under the Credit Agreement to pay towards the settlement of the US Labs lawsuit to \$250,000 from \$100,000 and documented other administrative agreements between NeoGenomics and CapitalSource.

END OF FINANCIAL STATEMENTS.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with the Condensed 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 under the caption "Forward Looking Statements", which information is incorporated herein by reference.

### **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.

While many operational aspects of our business are subject to complex federal, state and local regulations, the accounting for our business is generally straightforward with net revenues primarily recognized upon completion of the testing process. Our revenues are primarily comprised of a high volume of relatively low dollar transactions, and about one-half of total operating costs and expenses consist of employee compensation and benefits. Due to the nature of our business, several of our accounting policies involve significant estimates and judgments. These accounting policies have been described in our Annual Report on Form 10-KSB for the year ended December 31, 2007, and there have been no material changes in the nine months ended September 30, 2008.

### **Overview**

NeoGenomics operates a network of cancer testing laboratories that specifically target the rapidly growing genetic and molecular testing segment of the medical laboratory industry. We currently operate in three laboratory locations: Fort Myers, Florida, Nashville, Tennessee and Irvine, California. We currently offer throughout the United States the following types of testing services to oncologists, pathologists, urologists, hospitals, and other laboratories: a) cytogenetics testing, which analyzes human chromosomes, b) Fluorescence In-Situ Hybridization (FISH) testing, which analyzes abnormalities at the chromosome and gene levels, c) flow cytometry testing services, which analyzes gene expression of specific markers inside cells and on cell surfaces, d) morphological testing, which analyzes cellular structures and e) molecular testing which involves analysis of DNA and RNA and prediction of the clinical significance of various cancers. All of these testing services are widely used in the diagnosis and prognosis of various types of cancer.

Our common stock is listed on the NASDAQ Over-the-Counter Bulletin Board (the "OTCBB") under the symbol "NGNM."

### **Results of Operations for the Three and Nine Months Ended September 30, 2008 as Compared to the Three and Nine Months Ended September 30, 2007**

#### **Revenue**

Revenues increased 61.7%, or \$1.9 million, to \$5.1 million for the three months ended September 30, 2008 as compared to \$3.1 million for the three months ended September 30, 2007. For the nine months ended September 30, 2008, revenues increased 82.8%, or \$6.4 million, to \$14.1 million as compared to \$7.7 million for the nine months ended September 30, 2007. The increase in revenues for the three and nine month periods ended September 30, 2008, as compared to the same periods in the prior year was primarily attributable to increases in case and testing volume resulting from wide acceptance of our bundled testing product offering and our industry leading turnaround times, which has resulted in new customers.

Test volume increased 48.3%, or 2,730 tests, to 8,384 tests for the three months ended September 30, 2008 as compared to 5,654 tests for the three months ended September 30, 2007. For the nine months ended September 30, 2008, test volume increased 60.8%, or 8,717 tests, to 23,049 tests as compared to 14,332 tests for the nine months ended September 30, 2007. Average revenue per test increased 9.1% to \$602.43 for the three months ended September 30, 2008 as compared to \$552.30 for the three months ended September 30, 2007. For the nine months ended September 30, 2008, average revenue per test increased 13.7% to \$611.52 as compared to \$537.91 for the nine months ended September 30, 2007. The increase in average revenue per test is primarily attributable to an increase in certain Medicare reimbursements for 2008, and an increase in our test mix of flow cytometry testing, which has the highest reimbursement rate of any test we offer. Revenues per test are a function of both the nature of the test and the payer (Medicare, Medicaid, third party insurer, institutional client etc.).

Our policy is to record as revenue the amounts that we expect to collect based on published or contracted amounts and/or prior experience with each payer. We have established a reserve for uncollectible amounts based on estimates of what we will collect from a) third-party payers with whom we do not have a contractual arrangement or sufficient experience to accurately estimate the amount of reimbursement we will receive, b) co-payments directly from patients, and c) those procedures that are not covered by insurance or other third party payers. The Company's allowance for doubtful accounts decreased 31.7%, or approximately \$132,000 to \$283,000, as compared to \$415,000 at December 31, 2007. The allowance for doubtful accounts was approximately 7.7% and 11.4% of accounts receivable on September 30, 2008 and December 31, 2007, respectively. This decrease is primarily attributed to our new billing system that went live in the first quarter of 2008, and the strong billings and collections team we built in the last year. We expect to return to an allowance between 6%-7% of our gross receivables by the end of the year, as we continue to resolve claims that are greater than 150 days outstanding.

#### Cost of Revenue

Cost of revenue includes payroll and payroll related costs for performing tests, 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.

Cost of revenue increased 66.7%, or \$1.0 million, to \$2.5 million for the three months ended September 30, 2008 as compared to \$1.5 million for the three months ended September 30, 2007. For the nine months ended September 30, 2008, cost of revenue increased 81.5%, or \$3.0 million, to \$6.6 million as compared to \$3.6 million for the nine months ended September 30, 2007. The increase in cost of revenue for the three and nine month periods ended September 30, 2008, as compared to the same periods in the prior year was primarily attributable to increases in all areas of costs of revenue as the Company scaled its operations in order to meet increasing demand. Cost of revenue as a percentage of revenue increased to 50.2% for the three months ended September 30, 2008 as compared to 48.7% for the three months ended September 30, 2007. For the nine months ended September 30, 2008 cost of revenue as a percentage of sales decreased to 46.7% as compared to 47.0% for the nine months ended September 30, 2007.

Accordingly, this resulted in gross margin decreasing to 49.8% for the three months ended September 30, 2008 as compared to 51.0% for the three months ended September 30, 2007. For the nine months ended September 30, 2008 gross margin increased to 53.3% as compared to 53.0% for the nine months ended September 30, 2007. The decrease in gross margins for the three months ended September 30, 2008 as compared to the three months ended September 30, 2007 is primarily attributable to increased courier cost and personnel and related expenses as well as certain one-time charges associated with validating our new Immunohistochemistry test offerings and the completion of a low margin contract in our contract research organization. In addition, during the three months ended September 30, 2008, we had higher than usual outsourcing fees related to the performance of certain molecular tests that we have now brought back in house.

### General and Administrative Expenses

General and administrative expenses increased 21.0%, or \$457,000, to \$2.6 million for the three months ended September 30, 2008 as compared to \$2.2 million for the three months ended September 30, 2007. For the nine months ended September 30, 2008 general and administrative expenses increased 36.1%, or \$2.0 million, to \$7.7 million as compared to \$5.7 million for the nine months ended September 30, 2007. The increases in general and administrative expenses are primarily a result of adding sales and marketing personnel as well as corporate personnel to generate and support revenue growth. We anticipate general and administrative expenses will continue to grow as a result of our expected revenue growth. However, we expect these expenses to decline as a percentage of revenue as our infrastructure costs stabilize.

General and administrative expenses as a percentage of revenue decreased to 52.2% for the three months ended September 30, 2008 as compared to 69.8% for the three months ended September 30, 2007. For the nine months ended September 30, 2008 general and administrative expenses as a percentage of revenue decreased to 54.7% as compared to 73.5% for the nine months ended September 30, 2007. These decreases as compared to the same periods last year were primarily a result of greater economies of scale in our business from spreading our wage expense over a greater revenue base as well as a decrease in professional fees as a result of settling the litigation with US Labs earlier this year.

Bad debt expense increased 22.8%, or \$52,000, to \$280,000 for the three months ended September 30, 2008 as compared to \$228,000 for the three months ended September 30, 2007. For the nine months ended September 30, 2008 bad debt expense increased 116.4%, or \$589,000 to \$1,095,000 as compared to \$506,000 for the nine months ended September 30, 2007. This increase was a result of the significant increases in revenue. Bad debt expense as a percentage of revenue was 5.6% for the three months ended September 30, 2008 as compared to 7.3% for the months ended September 30, 2007. For the nine months ended September 30, 2008 bad debt expense as a percentage of revenue was 7.8% as compared to 6.6% for the nine months ended September 30, 2007.

The decrease in bad debt expense as a percentage of revenue for the three months ended September 30, 2008 as compared to three months ended September 30, 2007 is the result of many changes we have made in our billing practices as well as the implementation of a more effective billing system, which we believe have corrected the billing issues we experienced towards the end of last year. Moving forward, we expect that bad debt expense as a percentage of revenue will run between 5%-7% of revenue.

The increase in bad debt expense as a percentage of revenue for the nine months ended September 30, 2008 as compared to the nine months ended September 30, 2007 was a result of the increased reserves that we took earlier this year to address the previously discussed billing issues we experienced in late 2007.

### Interest Expense, net

Interest expense net, which primarily represents interest on borrowing arrangements, increased 423.5%, or \$61,000 to \$75,000 for the three months ended September 30, 2008 as compared to \$14,000 for the three months ended September 30, 2007. For the nine months ended September 30, 2008 interest expense, net decreased 3.1%, or \$6,000 to \$199,000 as compared to \$206,000 for the nine months ended September 30, 2007. Interest expense for the three and nine months ended September 30, 2008 is related to our new credit facility with Capital Source, while interest expense for the three and nine months ended September 30, 2007 was related to our previous credit facility with Aspen Select Healthcare, which had a higher average balance and higher interest rate, but was paid off in the second quarter of 2007, thus resulting in no interest expense in the third quarter of 2007 as compared to the third quarter of 2008.

### Net Income (Loss)

As a result of the foregoing, we reported a net loss of approximately \$(195,000) or (\$0.01) per share for the three months ended September 30, 2008 as compared to a net loss of approximately (\$591,000) or (\$0.02) per share for the three months ended September 30, 2007, an improvement of \$396,000. For the nine months ended September 30, 2008, we reported a net loss of approximately (\$388,000) or (\$0.01) per share as compared to a net loss of (\$1,784,000) or (\$0.06) per share for the nine months ended September 30, 2007, an improvement of almost \$1.4 million.



## **Liquidity and Capital Resources**

During the nine months ended September 30, 2008, our operating activities used approximately \$182,000 in cash compared with approximately \$2,189,000 used in the nine months ended September 30, 2007. We invested approximately \$370,000 on new equipment during the nine months ended September 30, 2008, compared with approximately \$607,000 for the nine months ended September 30, 2007. As of November 5, 2008, we had approximately \$625,000 in cash on hand and \$1,250,000 of availability under our Credit Facility with CapitalSource. On November 5, 2008, we entered into a common stock purchase agreement (the "Stock Agreement") with Fusion Capital Fund II, LLC ("Fusion") that provides for future sales of our common stock to Fusion in amounts up to \$8.0 million over the next 30 months in amounts and at times that are solely in our discretion. If we elect to sell stock to Fusion under the Stock Agreement, any proceeds received by us would be used for general corporate purposes or to pursue strategic opportunities that may arise. On November 5, 2008, we also entered into a master lease agreement with Leasing Technologies International, Inc. ("LTI"), which allows us to draw as much as \$1.0 million over the next twelve months to purchase capital equipment. At the present time, we anticipate that based on i) our current business plan and operations, ii) our existing cash balances, iii) the availability of our accounts receivable Credit Facility with CapitalSource, iv) the availability of equity capital under the Fusion Stock Agreement, and v) the availability of equipment financing under the master lease agreement with LTI, we will have adequate liquidity for at least the next twelve months. This estimate of our cash needs does not include any additional funding which may be required for growth in our business beyond that which is planned or cash that may be required to pursue strategic transactions or acquisitions. In the event that the Company grows faster than we currently anticipate or we engage in strategic transactions or acquisitions and our cash on hand and/or our availability under the CapitalSource Credit Facility, the Fusion Stock Agreement, or the LTI master lease agreement is not sufficient to meet our financing needs, we may need to raise additional capital from other sources. In such event, we may not be able to obtain such funding on attractive terms, or at all, and the Company may be required to curtail its operations. In the event that we do need to raise additional capital, we would seek to raise this additional money through issuing a combination of debt and/or equity securities primarily through banks and/or other large institutional investors. At September 30, 2008, we had stockholders' equity of \$2,487,000.

## **Capital Expenditures**

We currently forecast capital expenditures in order to execute on our business plan. The amount and timing of such capital expenditures will be determined by the volume of business, but we currently anticipate that we will need to purchase approximately \$1.5 million to \$2.0 million of additional capital equipment during the next twelve months. We plan to fund these expenditures through capital lease financing arrangements and through our master lease agreement with LTI. If we are unable to obtain such funding, we will need to pay cash for these items or we will be required to curtail our equipment purchases, which may have an impact on our ability to continue to grow our revenues.

## **Subsequent Events**

### **Common Stock Purchase Agreement**

On November 5, 2008, we entered into a common stock purchase agreement (the "Stock Agreement") with Fusion Capital Fund II, LLC an Illinois limited liability company ("Fusion"). The Stock Agreement, which has a term of 30 months, provides for the future funding of up to \$8.0 million from sales of our common stock to Fusion on a when and if needed basis as determined by us in our sole discretion. In consideration for entering into this Stock Agreement, on October 10, 2008, we issued to Fusion 17,500 shares of our common stock (valued at \$14,700 on the date of issuance) and \$17,500 as a due diligence expense reimbursement. In addition, on November 5, 2008, we issued to Fusion 400,000 shares of our common stock (valued at \$280,000 on the date of issuance) as a commitment fee. Concurrently with entering into the Stock Agreement, we entered into a registration rights agreement with Fusion. Under the registration rights agreement, we agreed to file a registration statement with the SEC covering the 417,500 shares that have already been issued to Fusion and at least 3.0 million shares that may be issued to Fusion under the Stock Agreement. Presently, we expect to sell no more than this initial 3.0 million shares to Fusion during the term of this Stock Agreement.

Under the Stock Agreement, after the SEC has declared effective the registration statement related to the transaction, we have the right to sell to Fusion shares of our common stock from time to time in amounts between \$50,000 and \$1.0 million, depending on the market price of our common stock. The purchase price of the shares related to any future funding under the Stock Agreement will be based on the prevailing market prices of our stock at the time of such sales without any fixed discount, and the Company will control the timing and amount of any sales of shares to Fusion. Fusion shall not have the right or the obligation to purchase any shares of our common stock on any business day that the price of our common stock is below \$0.45 per share. The Stock Agreement may be terminated by us at any time at our discretion without any cost to us. There are no negative covenants, restrictions on future funding from other sources, penalties, further fees or liquidated damages in the agreement.

Given our current liquidity position from cash on hand and our availability under our Credit Facility with CapitalSource, we have no immediate plans to issue common stock under the Stock Agreement. If and when we do elect to sell shares to Fusion under this agreement, we expect to do so opportunistically and only under conditions deemed favorable by the Company. Any proceeds received by the Company from sales under the Stock Agreement will be used for general corporate purposes, working capital, and/or for expansion activities.

#### Equipment Lease Line

On November 5, 2008, the Subsidiary entered into a master lease agreement with Leasing Technologies International, Inc. The master lease agreement establishes the general terms and conditions pursuant to which the Subsidiary may lease equipment pursuant to a \$1,000,000 lease line. Advances under the lease line may be made for one year by executing equipment schedules for each advance. The lease term of any equipment schedules issued under the lease line will be for 36 months. The lease rate factor applicable for each equipment schedule is 0.0327/month. If the Subsidiary makes use of the entire lease line, the monthly rent would be \$32,700. Monthly rent for the leased equipment is payable in advance on the first day of each month. The obligations of the Subsidiary are guaranteed by the Parent Company. At the end of the term of each equipment schedule the Subsidiary may:

- (d) Renew the lease with respect to such equipment for an additional 12 months at fair market value;
- (e) Purchase the equipment at fair market value, which price will not be less than 10% of cost nor more than 14% of cost;
- (f) Extend the term for an additional six months at 35% of the monthly rent paid by lessee during the initial term, equipment may then be purchased for the lesser of fair market value or 8% of cost; or
- (b) Return the equipment subject to a remarketing charge equal to 6% of cost.

#### First Amendment to Revolving Credit and Security Agreement

On November 3, 2008 the Company and CapitalSource signed a first amendment to the Credit Agreement. This amendment increased the amount allowable under the Credit Agreement to pay towards the settlement of the US Labs lawsuit to \$250,000 from \$100,000 and documented other administrative agreements between NeoGenomics and CapitalSource.

### **ITEM 3 – Quantitative and Qualitative Disclosures About Market Risk**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item.

### **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's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer, principal financial officer, and principal accounting 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, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of the Company's management, including our principal executive officer, principal financial officer, and principal accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our principal executive officer, principal financial officer, and principal accounting officer concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of the end of the period covered by this report due to the material weaknesses that were originally described more fully in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 relating to (i) our failure to develop and maintain a company wide anti-fraud program over the initiating and processing of financial transactions, as well as other company wide procedures which may have an impact on internal controls over financial reporting, (ii) failure by senior management to maintain sufficient controls related to the establishing, maintaining, and assigning of user access security levels in the accounting and billing software packages used to initiate, process, record, and report financial transactions and financial statements and (iii) failure to maintain proper spreadsheet controls.

#### Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 4T – Controls and Procedures**

Not applicable.

## **PART II – OTHER INFORMATION**

### **ITEM 1 – LEGAL PROCEEDINGS**

#### US Labs Settlement

A civil lawsuit is currently pending between the Company and its liability insurer, FCCI Commercial Insurance Company ("FCCI") in the 20th Judicial Circuit Court in and for Lee County, Florida (Case No. 07-CA-017150). FCCI filed the suit on December 12, 2007 in response to the Company's demands for insurance benefits with respect to an underlying action involving US Labs (a settlement agreement has since been reached in the underlying action, and thus that case has now concluded). Specifically, the Company maintains that the underlying plaintiff's allegations triggered the subject insurance policy's personal and advertising injury coverage. In the lawsuit, FCCI seeks a court judgment that it owes no obligation to the Company regarding the underlying action (FCCI does not seek monetary damages). The Company has counterclaimed against FCCI for breach of the subject insurance policy, and seeks recovery of defense costs incurred in the underlying matter, amounts paid in settlement thereof, and fees and expenses incurred in litigating with FCCI. The court recently denied a motion by FCCI for judgment on the pleadings, and the parties are proceeding with discovery. We intend to aggressively pursue all remedies in this matter and believe that the courts will ultimately find that FCCI had a duty to provide coverage in the US Labs litigation.

### **ITEM 1A – RISK FACTORS**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item.

### **ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Not Applicable

### **ITEM 3 – DEFAULTS UPON SENIOR SECURITIES**

Not Applicable

### **ITEM 4 – SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

Not Applicable

### **ITEM 5 – OTHER INFORMATION**

The Company's disclosure in this Quarterly Report on Form 10-Q under the heading "Subsequent Events" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" is hereby incorporated by reference into this item.

**ITEM 6 – EXHIBITS**

<b>EXHIBIT NO.</b>	<b>DESCRIPTION</b>	<b>FILING REFERENCE</b>
3.1	Articles of Incorporation, as amended	(i)
3.2	Amendment to Articles of Incorporation filed with the Nevada Secretary of State on January 3, 2003.	(ii)
3.3	Amendment to Articles of Incorporation filed with the Nevada Secretary of State on April 11, 2003.	(ii)
3.4	Amended and Restated Bylaws, dated April 15, 2003.	(ii)
10.1	Amended and Restated Loan Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 30, 2006	(iii)
10.2	Amended and Restated Registration Rights Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P. and individuals dated March 23, 2005	(iv)
10.3	Guaranty of NeoGenomics, Inc., dated March 23, 2005	(iv)
10.4	Stock Pledge Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 23, 2005	(iv)
10.5	Warrants issued to Aspen Select Healthcare, L.P., dated March 23, 2005	(iv)
10.6	Securities Equity Distribution Agreement with Yorkville Advisors, LLC (f/k/a Cornell Capital Partners, L.P.) dated June 6, 2005	(iv)
10.7	Employment Agreement, dated December 14, 2005, between Mr. Robert P. Gasparini and the Company	(v)
10.8	Standby Equity Distribution Agreement with Yorkville Advisors, LLC (f/k/a Cornell Capital Partners, L.P.) dated June 6, 2005	(vi)
10.9	Registration Rights Agreement with Yorkville Yorkville Advisors, LLC (f/k/a Cornell Capital Partners, L.P.)Capital partners, L.P. related to the Standby Equity Distribution dated June 6, 2005	(vi)
10.10	Placement Agent with Spartan Securities Group, Ltd., related to the Standby Equity Distribution dated June 6, 2005	(vi)
10.11	Amended and restated Loan Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 30, 2006	(iii)
10.12	Amended and Restated Warrant Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated January 21, 2006	(iii)
10.13	Amended and Restated Security Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 30, 2006	(iii)
10.14	Registration Rights Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 30, 2006	(iii)
10.15	Warrant Agreement between NeoGenomics, Inc. and SKL Family Limited Partnership, L.P. issued January 23, 2006	(iii)

<b>10.16</b>	Warrant Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P. issued March 14, 2006	(iii)
<b>10.17</b>	Warrant Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P. issued March 30, 2006	(iii)
<b>10.18</b>	Agreement with Power3 Medical Products, Inc regarding the Formation of Joint Venture & Issuance of Convertible Debenture and Related Securities	(vii)
<b>10.19</b>	Securities Purchase Agreement by and between NeoGenomics, Inc. and Power3 Medical Products, Inc.	(viii)
<b>10.20</b>	Power3 Medical Products, Inc. Convertible Debenture	(viii)
<b>10.21</b>	Agreement between NeoGenomics and Noble International Investments, Inc.	(xiv)
<b>10.22</b>	Subscription Document	(xiv)
<b>10.23</b>	Investor Registration Rights Agreement	(xiv)
<b>10.24</b>	Revolving Credit and Security Agreement, dated February 1, 2008, by and between NeoGenomics, Inc., the Nevada corporation, NeoGenomics, Inc., the Florida corporation and CapitalSource Finance LLC	(xii)
<b>10.25</b>	Employment Agreement, dated March 12, 2008, between Mr. Robert P. Gasparini and the Company	(xiii)
<b>10.26</b>	Employment Agreement, dated June 24, 2008, between Mr. Jerome Dvonch and the Company	(xiv)
<b>10.27</b>	Common Stock Purchase Agreement, dated November 5, 2008, between Neogenomics, Inc., a Nevada corporation, and Fusion Capital Fund II, LLC	(Provided herewith)
<b>10.28</b>	Registration Rights Agreement, dated November 5, 2008, between Neogenomics, Inc., a Nevada corporation, and Fusion Capital Fund II, LLC	(Provided herewith)
<b>10.29</b>	Master Lease Agreement, dated November 5, 2008, between Neogenomics, Inc., a Florida corporation, and Leasing Technologies International Inc.	(Provided herewith)
<b>10.30</b>	Guaranty Agreement, dated November 5, 2008, between Neogenomics, Inc., a Nevada corporation, and Leasing Technologies International, Inc.	(Provided herewith)
<b>10.31</b>	First Amendment to Revolving Credit and Security Agreement, dated November 3, 2008, among Neogenomics, Inc., a Florida corporation, Neogenomics, Inc., a Nevada corporation, and CapitalSource Finance LLC	(Provided herewith)
<b>31.1</b>	Certification by Principal Executive Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(Provided herewith)
<b>31.2</b>	Certification by Principal Financial Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(Provided herewith)

- 31.3** Certification by Principal Accounting Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Provided herewith)
- 32.1** Certification by Principal Executive Office, Principal Financial Officer and Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Provided herewith)

**Footnotes**

- (i) Incorporated by reference to the Company's Registration Statement on Form SB-2, filed February 10, 1999.
- (ii) Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002, filed May 20, 2003.
- (iii) Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005, filed April 3, 2006.
- (iv) Incorporated by reference to the Company's Report on Form 8-K, filed March 30, 2005.
- (v) Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004, filed April 15, 2005.
- (vi) Incorporated by reference to the Company's Report on Form 8-K for the SEC filed June 8, 2005.
- (vii) Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006 filed April 2, 2007 amended on Form 10-K/A filed September 11, 2007.
- (viii) Incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2007, filed May 15, 2007.
- (ix) Incorporated by reference to the Company's Registration statement on Form SB-2 filed July 6, 2007, amended on Form SB-2/A filed July 12, 2007 and amended on Form SB-2/A filed September 14, 2007.
- (x) Incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2007, filed August 17, 2007.
- (xi) Incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2007, filed November 19, 2007.
- (xii) Incorporated by reference to the Company's Report on Form 8-K for the SEC filed February 7, 2008.
- (xiii) Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007 filed April 14, 2008
- (xiv) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, filed August 14, 2008.

## 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:** November 7, 2008

**NEOGENOMICS, INC.**

By: /s/ Robert P. Gasparini  
Name: Robert P. Gasparini  
Title: President and Principal Executive Officer

By: /s/ Steven C. Jones  
Name: Steven C. Jones  
Title: Acting Principal Financial Officer and  
Director

By: /s/ Jerome J. Dvonch  
Name: Jerome J. Dvonch  
Title: Principal Accounting Officer



EXECUTION COPY

**COMMON STOCK PURCHASE AGREEMENT**

**COMMON STOCK PURCHASE AGREEMENT** (the "Agreement"), dated as of November 5, 2008, by and between **NEOGENOMICS, INC.**, a Nevada corporation (the "Company"), and **FUSION CAPITAL FUND II, LLC**, an Illinois limited liability company (the "Buyer"). Capitalized terms used herein and not otherwise defined herein are defined in Section 10 hereof.

**WHEREAS:**

Subject to the terms and conditions set forth in this Agreement, the Company wishes to sell to the Buyer, and the Buyer wishes to buy from the Company, up to Eight Million Dollars (\$8,000,000) of the Company's common stock, par value \$.001 per share (the "Common Stock"). The shares of Common Stock to be purchased hereunder are referred to herein as the "Purchase Shares."

**NOW THEREFORE**, the Company and the Buyer hereby agree as follows:

**1. PURCHASE OF COMMON STOCK.**

Subject to the terms and conditions set forth in this Agreement, the Company has the right to sell to the Buyer, and the Buyer has the obligation to purchase from the Company, Purchase Shares as follows:

(a) Commencement of Purchases of Common Stock. The purchase and sale of Purchase Shares hereunder shall occur from time to time upon written notices by the Company to the Buyer on the terms and conditions as set forth herein following the satisfaction of the conditions (the "Commencement") as set forth in Sections 6 and 7 below (the date of satisfaction of such conditions, the "Commencement Date").

(b) The Company's Right to Require Purchases. Any time on or after the Commencement Date, the Company shall have the right but not the obligation to direct the Buyer by its delivery to the Buyer of Base Purchase Notices from time to time to buy Purchase Shares (each such purchase a "Base Purchase") in any amount up to Fifty Thousand Dollars (\$50,000) per Base Purchase Notice (the "Base Purchase Amount") at the Purchase Price on the Purchase Date. The Company may deliver multiple Base Purchase Notices to the Buyer so long as at least four (4) Business Days have passed since the most recent Base Purchase was completed. Notwithstanding the forgoing, any time on or after the Commencement Date, the Company shall also have the right but not the obligation by its delivery to the Buyer of Block Purchase Notices from time to time to direct the Buyer to buy Purchase Shares (each such purchase a "Block Purchase") in any amount up to One Million Dollars (\$1,000,000) per Block Purchase Notice at the Block Purchase Price (as defined below) on the Purchase Date as provided herein. For a Block Purchase Notice to be valid the following conditions must be met: (1) the Block Purchase Amount shall not exceed One Hundred Thousand Dollars (\$100,000) per Block Purchase Notice, (2) the Company must deliver the Purchase Shares before 11:00 a.m. eastern time on the Purchase Date and (3) the Sale Price of the Common Stock must not be below \$0.75 (subject to equitable adjustment for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction) during the Purchase Date, the date of the delivery of the Block Purchase Notice and during the Business Day prior to the delivery of the Block Purchase Notice. The Block Purchase Amount may be increased to up to Two Hundred Fifty Thousand Dollars (\$250,000) per Block Purchase Notice if the Sale Price of the Common Stock is not below \$1.20 (subject to equitable adjustment for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction) during the Purchase Date, the date of the delivery of the Block Purchase Notice and during the Business Day prior to the delivery of the Block Purchase Notice. The Block Purchase Amount may be increased to up to Five Hundred Thousand Dollars (\$500,000) per Block Purchase Notice if the Sale Price of the Common Stock is not below \$2.40 (subject to equitable adjustment for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction) during the Purchase Date, the date of the delivery of the Block Purchase Notice and during the Business Day prior to the delivery of the Block Purchase Notice. The Block Purchase Amount may be increased to up to One Million Dollars (\$1,000,000) per Block Purchase Notice if the Sale Price of the Common Stock is not below \$5.00 (subject to equitable adjustment for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction) during the Purchase Date, the date of the delivery of the Block Purchase Notice and during the Business Day prior to the delivery of the Block Purchase Notice. As used herein, the term "Block Purchase Price" shall mean the lesser of (i) the lowest Sale Price of the Common Stock on the Purchase Date or (ii) the lowest Purchase Price during the previous seven (7) Business Days prior to the date that the valid Block Purchase Notice was received by the Buyer. However, if at any time during the Purchase Date, the date of the delivery of the Block Purchase Notice or during the Business Day prior to the delivery of the Block Purchase Notice, the Sale Price of the Common Stock is below the applicable Block Purchase threshold price, such Block Purchase shall be void and the Buyer's obligations to buy Purchase Shares in respect of that Block Purchase Notice shall be terminated. Thereafter, the Company shall again have the right to submit a Block Purchase Notice as set forth herein by delivery of a new Block Purchase Notice only if the Sale Price of the Common Stock is above the applicable Block Purchase threshold price during the date of the delivery of the Block Purchase Notice and during the Business Day prior to the delivery of the Block Purchase Notice. The Company may deliver multiple Block Purchase Notices to the Buyer so long as at least two (2) Business Days have passed since the most recent Block Purchase was completed.

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(c) Payment for Purchase Shares. The Buyer shall pay to the Company an amount equal to the Purchase Amount with respect to such Purchase Shares as full payment for such Purchase Shares via wire transfer of immediately available funds on the same Business Day that the Buyer receives such Purchase Shares if they are received by the Buyer before 11:00 a.m. eastern time or if received by the Buyer after 11:00 a.m. eastern time, the next Business Day. The Company shall not issue any fraction of a share of Common Stock upon any purchase. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up or down to the nearest whole share. All payments made under this Agreement shall be made in lawful money of the United States of America or wire transfer of immediately available funds to such account as the Company may from time to time designate by written notice in accordance with the provisions of this Agreement. Whenever any amount expressed to be due by the terms of this Agreement is due on any day that is not a Business Day, the same shall instead be due on the next succeeding day that is a Business Day.

(d) Purchase Price Floor. The Company and the Buyer shall not effect any sales under this Agreement on any Purchase Date where the Purchase Price for any purchases of Purchase Shares would be less than the Floor Price. "Floor Price" means \$0.45, which shall be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction.

(e) Records of Purchases. The Buyer and the Company shall each maintain records showing the remaining Available Amount at any give time and the dates and Purchase Amounts for each purchase or shall use such other method, reasonably satisfactory to the Buyer and the Company.

(f) Taxes. The Company shall pay any and all transfer, stamp or similar taxes that may be payable with respect to the issuance and delivery of any shares of Common Stock to the Buyer made under this Agreement.

## **2. BUYER'S REPRESENTATIONS AND WARRANTIES.**

The Buyer represents and warrants to the Company that as of the date hereof and as of the Commencement Date:

(a) Investment Purpose. The Buyer is entering into this Agreement and acquiring the Commitment Shares (as defined in Section 4(e) hereof) and the Purchase Shares (the Purchase Shares and the Commitment Shares are collectively referred to herein as the "Securities"), for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof; provided however, by making the representations herein, the Buyer does not agree to hold any of the Securities for any minimum or other specific term other than as set forth in Section 4(e) with respect to the Commitment Shares.

(b) Accredited Investor Status. The Buyer is an "accredited investor" as that term is defined in Rule 501(a)(3) of Regulation D.

(c) Reliance on Exemptions. The Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Securities.

(d) Information. The Buyer has been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities that have been reasonably requested by the Buyer, including, without limitation, the SEC Documents (as defined in Section 3(f) hereof). The Buyer understands that its investment in the Securities involves a high degree of risk. The Buyer (i) is able to bear the economic risk of an investment in the Securities including a total loss, (ii) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the proposed investment in the Securities and (iii) has had an opportunity to ask questions of and receive answers from the officers of the Company concerning the financial condition and business of the Company and others matters related to an investment in the Securities. Neither such inquiries nor any other due diligence investigations conducted by the Buyer or its representatives shall modify, amend or affect the Buyer's right to rely on the Company's representations and warranties contained in Section 3 below. The Buyer has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Securities.

(e) No Governmental Review. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

(f) Transfer or Sale. The Buyer understands that except as provided in the Registration Rights Agreement (as defined in Section 4(a) hereof): (i) the Securities have not been and are not being registered under the 1933 Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder or (B) an exemption exists permitting such Securities to be sold, assigned or transferred without such registration; (ii) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144 and further, if Rule 144 is not applicable, any resale of the Securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (iii) neither the Company nor any other person is under any obligation to register the Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder.

(g) Validity; Enforcement. This Agreement has been duly and validly authorized, executed and delivered on behalf of the Buyer and is a valid and binding agreement of the Buyer enforceable against the Buyer in accordance with its terms, subject as to enforceability to general principles of equity and to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(h) Residency. The Buyer is a resident of the State of Illinois.

(i) No Prior Short Selling. The Buyer represents and warrants to the Company that at no time prior to the date of this Agreement has any of the Buyer, its agents, representatives or affiliates engaged in or effected, in any manner whatsoever, directly or indirectly, any (i) "short sale" (as such term is defined in Section 242.200 of Regulation SHO of the Securities Exchange Act of 1934, as amended (the "1934 Act")) of the Common Stock or (ii) hedging transaction, which establishes a net short position with respect to the Common Stock.

### **3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.**

The Company represents and warrants to the Buyer that as of the date hereof and as of the Commencement Date:

(a) Organization and Qualification. The Company and its "Subsidiaries" (which for purposes of this Agreement means any entity in which the Company, directly or indirectly, owns 50% or more of the voting stock or capital stock or other similar equity interests) are corporations duly organized and validly existing in good standing under the laws of the jurisdiction in which they are incorporated, and have the requisite corporate power and authority to own their properties and to carry on their business as now being conducted. Each of the Company and its Subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing could not reasonably be expected to have a Material Adverse Effect. As used in this Agreement, "Material Adverse Effect" means any material adverse effect on any of: (i) the business, properties, assets, operations, results of operations or financial condition of the Company and its Subsidiaries, if any, taken as a whole, or (ii) the authority or ability of the Company to perform its obligations under the Transaction Documents (as defined in Section 3(b) hereof). The Company has no Subsidiaries except as set forth on Schedule 3(a).

(b) Authorization; Enforcement; Validity. (i) The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement, the Registration Rights Agreement and each of the other agreements entered into by the parties on the Commencement Date and attached hereto as exhibits to this Agreement (collectively, the "Transaction Documents"), and to issue the Securities in accordance with the terms hereof and thereof, (ii) the execution and delivery of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby, including without limitation, the issuance of the Commitment Shares and the reservation for issuance and the issuance of the Purchase Shares issuable under this Agreement, have been duly authorized by the Company's Board of Directors and no further consent or authorization is required by the Company, its Board of Directors or its shareholders, (iii) this Agreement has been, and each other Transaction Document shall be on the Commencement Date, duly executed and delivered by the Company and (iv) this Agreement constitutes, and each other Transaction Document upon its execution on behalf of the Company, shall constitute, the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies. The Board of Directors of the Company has approved the resolutions (the "Signing Resolutions") substantially in the form as set forth as Exhibit C-1 attached hereto to authorize this Agreement and the transactions contemplated hereby. The Signing Resolutions are valid, in full force and effect and have not been modified or supplemented in any respect other than by the resolutions set forth in Exhibit C-2 attached hereto regarding the registration statement referred to in Section 4 hereof. The Company has delivered to the Buyer a true and correct copy of a certificate of the Secretary of the Company certifying that the Signing Resolutions were duly adopted at a meeting of the Board of Directors of the Company. No other approvals or consents of the Company's Board of Directors and/or shareholders is necessary under applicable laws and the Company's Articles of Incorporation and/or Bylaws to authorize the execution and delivery of this Agreement or any of the transactions contemplated hereby, including, but not limited to, the issuance of the Commitment Shares and the issuance of the Purchase Shares.

(c) Capitalization. As of October 22, 2008, the authorized capital stock of the Company consists of (i) 100,000,000 shares of Common Stock, of which 31,707,212 shares were issued and outstanding; 3,869,357 shares are reserved for future issuance pursuant to the Company's stock option plans of which only approximately 579,231 shares remain available for future option grants and 6,237,838 shares are issuable and reserved for issuance pursuant to securities (other than stock options issued pursuant to the Company's stock option plans) exercisable or exchangeable for, or convertible into, shares of Common Stock and (ii) 10,000,000 shares of Preferred Stock, \$0.001 par value, of which as of the date hereof no shares are issued and outstanding. All of such outstanding shares have been, or upon issuance will be, validly issued and are fully paid and nonassessable. Except as disclosed in Schedule 3(c), (i) no shares of the Company's capital stock are subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company, (ii) there are no outstanding debt securities, (iii) other than as listed in the first sentence of this paragraph, there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its Subsidiaries, (iv) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities under the 1933 Act (except the Registration Rights Agreement, the Amended and Restated Registration Rights Agreement dated March 23, 2005 among the Company, Aspen Select Healthcare, LP, John Elliot, Steven Jones, Larry Kunert and Michael T. Dent, M.D., and the Registration Rights Agreement dated March 30, 2006 among the Company, Aspen Select Healthcare, LP and Steven C. Jones), (v) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries, (vi) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities as described in this Agreement and (vii) the Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. The Company has furnished to the Buyer true and correct copies of the Company's Articles of Incorporation, as amended and as in effect on the date hereof (the "Articles of Incorporation"), and the Company's By-laws, as amended and as in effect on the date hereof (the "By-laws"), and summaries of the terms of all securities convertible into or exercisable for Common Stock, if any, and copies of any documents containing the material rights of the holders thereof in respect thereto.

(d) Issuance of Securities. The Commitment Shares have been duly authorized and, upon issuance in accordance with the terms hereof, the Commitment Shares shall be (i) validly issued, fully paid and non-assessable and (ii) free from all taxes, liens and charges with respect to the issue thereof. [3,000,000] shares of Common Stock have been duly authorized and reserved for issuance upon purchase under this Agreement. Upon issuance and payment therefor in accordance with the terms and conditions of this Agreement, the Purchase Shares shall be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Stock.

(e) No Conflicts. Except as disclosed in Schedule 3(e), the execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the reservation for issuance and issuance of the Purchase Shares) will not (i) result in a violation of the Articles of Incorporation, any Certificate of Designations, Preferences and Rights of any outstanding series of preferred stock of the Company or the By-laws or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party, or result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and the rules and regulations of the Principal Market applicable to the Company or any of its Subsidiaries) or by which any property or asset of the Company or any of its Subsidiaries is bound or affected, except in the case of conflicts, defaults, terminations, amendments, accelerations, cancellations and violations under clause (ii), which could not reasonably be expected to result in a Material Adverse Effect. Except as disclosed in Schedule 3(e), neither the Company nor its Subsidiaries is in violation of any term of or in default under its Articles of Incorporation, any Certificate of Designation, Preferences and Rights of any outstanding series of preferred stock of the Company or By-laws or their organizational charter or by-laws, respectively. Except as disclosed in Schedule 3(e), neither the Company nor any of its Subsidiaries is in violation of any term of or is in default under any material contract, agreement, mortgage, indebtedness, indenture, instrument, judgment, decree or order or any statute, rule or regulation applicable to the Company or its Subsidiaries, except for possible conflicts, defaults, terminations or amendments which could not reasonably be expected to have a Material Adverse Effect. The business of the Company and its Subsidiaries is not being conducted, and shall not be conducted, in violation of any law, ordinance, regulation of any governmental entity, except for possible violations, the sanctions for which either individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. Except as specifically contemplated by this Agreement and as required under the 1933 Act or applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency or any regulatory or self-regulatory agency in order for it to execute, deliver or perform any of its obligations under or contemplated by the Transaction Documents in accordance with the terms hereof or thereof. Except as disclosed in Schedule 3(e), all consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence shall be obtained or effected on or prior to the Commencement Date. Except as listed in Schedule 3(e), since October 1, 2007, the Company has not received nor delivered any notices or correspondence from or to the Principal Market. The Principal Market has not commenced any delisting proceedings against the Company.

(f) SEC Documents; Financial Statements. Except as disclosed in Schedule 3(f), since January 1, 2007, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the 1934 Act (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the "SEC Documents"). As of their respective dates (except as they have been correctly amended), the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC (except as they may have been properly amended), contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates (except as they have been properly amended), the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as listed in Schedule 3(f), the Company has received no notices or correspondence from the SEC since October 1, 2007. The SEC has not commenced any enforcement proceedings against the Company or any of its subsidiaries.

(g) Absence of Certain Changes. Except as disclosed in Schedule 3(g), since June 30, 2008, there has been no material adverse change in the business, properties, operations, financial condition or results of operations of the Company or its Subsidiaries. The Company has not taken any steps, and does not currently expect to take any steps, to seek protection pursuant to any Bankruptcy Law nor does the Company or any of its Subsidiaries have any knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy or insolvency proceedings. The Company is financially solvent and is generally able to pay its debts as they become due.

(h) Absence of Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company, the Common Stock or any of the Company's Subsidiaries or any of the Company's or the Company's Subsidiaries' officers or directors in their capacities as such, which could reasonably be expected to have a Material Adverse Effect. A description of each action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body which, as of the date of this Agreement, is pending or threatened in writing against or affecting the Company, the Common Stock or any of the Company's Subsidiaries or any of the Company's or the Company's Subsidiaries' officers or directors in their capacities as such, is set forth in Schedule 3(h).

(i) Acknowledgment Regarding Buyer's Status. The Company acknowledges and agrees that the Buyer is acting solely in the capacity of arm's length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that the Buyer is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby and any advice given by the Buyer or any of its representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby is merely incidental to the Buyer's purchase of the Securities. The Company further represents to the Buyer that the Company's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Company and its representatives and advisors.

(j) No General Solicitation. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the 1933 Act) in connection with the offer or sale of the Securities.

(k) Intellectual Property Rights. The Company and its Subsidiaries own or possess adequate rights or licenses to use all material trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and rights necessary to conduct their respective businesses as now conducted. Except as set forth on Schedule 3(k), none of the Company's material trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, government authorizations, trade secrets or other intellectual property rights have expired or terminated, or, by the terms and conditions thereof, could expire or terminate within two years from the date of this Agreement. The Company and its Subsidiaries do not have any knowledge of any infringement by the Company or its Subsidiaries of any material trademark, trade name rights, patents, patent rights, copyrights, inventions, licenses, service names, service marks, service mark registrations, trade secret or other similar rights of others, or of any such development of similar or identical trade secrets or technical information by others and, except as set forth on Schedule 3(k), there is no claim, action or proceeding being made or brought against, or to the Company's knowledge, being threatened against, the Company or its Subsidiaries regarding trademark, trade name, patents, patent rights, invention, copyright, license, service names, service marks, service mark registrations, trade secret or other infringement, which could reasonably be expected to have a Material Adverse Effect.

(l) Environmental Laws. The Company and its Subsidiaries (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where, in each of the three foregoing clauses, the failure to so comply could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(m) Title. The Company and its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and its Subsidiaries, in each case free and clear of all liens, encumbrances and defects except such as are described in Schedule 3(m) or liens on equipment securing purchase money-indebtedness of the Company or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and any of its Subsidiaries. Any real property and facilities held under lease by the Company and any of its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries.



(n) Insurance. The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. Neither the Company nor any such Subsidiary has been refused any insurance coverage sought or applied for and neither the Company nor any such Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not materially and adversely affect the condition, financial or otherwise, or the earnings, business or operations of the Company and its Subsidiaries, taken as a whole.

(o) Regulatory Permits. The Company and its Subsidiaries possess all material certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, and neither the Company nor any such Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit.

(p) Tax Status. The Company and each of its Subsidiaries has made or filed all federal and state income and all other material tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

(q) Transactions With Affiliates. Except as set forth on Schedule 3(q) and other than the grant or exercise of stock options disclosed on Schedule 3(c), none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company or any of its Subsidiaries (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has an interest or is an officer, director, trustee or partner.

(r) Application of Takeover Protections. The Company and its board of directors have taken or will take prior to the Commencement Date all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Articles of Incorporation or the laws of the state of its incorporation which is or could become applicable to the Buyer as a result of the transactions contemplated by this Agreement, including, without limitation, the Company's issuance of the Securities and the Buyer's ownership of the Securities.

(s) Foreign Corrupt Practices. Neither the Company, nor any of its Subsidiaries, nor any director, officer, agent, employee or other person acting on behalf of the Company or any of its Subsidiaries has, in the course of its actions for, or on behalf of, the Company, used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

#### 4. COVENANTS.

(a) Filing of Form 8-K and Registration Statement. The Company agrees that it shall, within the time required under the 1934 Act, disclose this Agreement and the transactions contemplated hereby. The Company shall also file within thirty (30) Business Days from the date hereof a new registration statement covering the sale of the Commitment Shares, the Signing Shares (as defined in Section 5 hereof) and 3,000,000 Purchase Shares in accordance with the terms of the Registration Rights Agreement between the Company and the Buyer, dated as of the date hereof ("Registration Rights Agreement"). The Company shall not be required to register any additional Purchase Shares beyond the 3,000,000 unless the Company elects to sell more than 3,000,000 Purchase Shares hereunder.

(b) Blue Sky. The Company shall take such action, if any, as is reasonably necessary in order to obtain an exemption for or to qualify (i) the initial sale of the Commitment Shares and any Purchase Shares to the Buyer under this Agreement and (ii) any subsequent resale of the Commitment Shares and any Purchase Shares by the Buyer, in each case, under applicable securities or "Blue Sky" laws of the states of the United States in such states as is reasonably requested by the Buyer from time to time, and shall provide evidence of any such action so taken to the Buyer.

(c) Listing. The Company shall promptly secure the listing of all of the Purchase Shares and Commitment Shares upon each national securities exchange and automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance) and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all such securities from time to time issuable under the terms of the Transaction Documents. The Company shall maintain the Common Stock's authorization for quotation on the Principal Market. Neither the Company nor any of its Subsidiaries shall take any action that would be reasonably expected to result in the delisting or suspension of the Common Stock on the Principal Market. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section.

(d) Limitation on Short Sales and Hedging Transactions. The Buyer agrees that beginning on the date of this Agreement and ending on the date of termination of this Agreement as provided in Section 11(k), the Buyer and its agents, representatives and affiliates shall not in any manner whatsoever enter into or effect, directly or indirectly, any (i) "short sale" (as such term is defined in Section 242.200 of Regulation SHO of the 1934 Act) of the Common Stock or (ii) hedging transaction, which establishes a net short position with respect to the Common Stock.

(e) Issuance of Commitment Shares; Limitation on Sales of Commitment Shares. Immediately upon the execution of this Agreement, the Company shall issue to the Buyer as consideration for the Buyer entering into this Agreement 400,000 shares of Common Stock (the "Commitment Shares"). The Commitment Shares shall be issued in certificated form and (subject to Section 5 hereof) shall bear the following restrictive legend:

**THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, UNLESS SOLD PURSUANT TO: (1) RULE 144 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (2) AN OPINION OF HOLDER'S COUNSEL, IN A CUSTOMARY FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS.**

The Buyer agrees that the Buyer shall not pledge, transfer or sell the Commitment Shares until the earlier of 600 Business Days (30 Monthly Periods) from the date hereof or the date on which this Agreement has been terminated, provided, however, that such restrictions shall not apply: (i) in connection with any transfers to or among affiliates (as defined in the 1934 Act), (ii) in the event that the Commencement does not occur on or before March 31, 2009, due to the failure of the Company to satisfy the conditions set forth in Section 7, or (iii) if an Event of Default has occurred, or any event which, after notice and/or lapse of time, would become an Event of Default, including any failure by the Company to timely issue Purchase Shares under this Agreement. Notwithstanding the forgoing, the Buyer may transfer Commitment Shares to a third party in order to settle a sale made by the Buyer where the Buyer reasonably expects the Company to deliver Purchase Shares to the Buyer under this Agreement so long as the Buyer maintains ownership of the same overall number of shares of Common Stock by "replacing" the Commitment Shares so transferred with Purchase Shares when the Purchase Shares are actually issued by the Company to the Buyer.

(f) **Due Diligence.** The Buyer shall have the right, from time to time as the Buyer may reasonably deem appropriate, to perform reasonable due diligence on the Company during normal business hours. The Company and its officers and employees shall provide information and reasonably cooperate with the Buyer in connection with any reasonable request by the Buyer related to the Buyer's due diligence of the Company, including, but not limited to, any such request made by the Buyer in connection with (i) the filing of the registration statement described in Section 4(a) hereof and (ii) the Commencement. Each party hereto agrees not to disclose any Confidential Information of the other party to any third party and shall not use the Confidential Information for any purpose other than in connection with, or in furtherance of, the transactions contemplated hereby. Each party hereto acknowledges that the Confidential Information shall remain the property of the disclosing party and agrees that it shall take all reasonable measures to protect the secrecy of any Confidential Information disclosed by the other party.

#### **5. TRANSFER AGENT INSTRUCTIONS.**

Immediately upon the execution of this Agreement, the Company shall deliver to the Transfer Agent a letter in the form as set forth as Exhibit E attached hereto with respect to the issuance of the Commitment Shares. On the Commencement Date, the Company shall cause any restrictive legend on the Commitment Shares and the 17,500 shares of Common Stock issued to the Buyer upon signing that certain Term Sheet between the Buyer and the Company and dated as of October 10, 2008 (the "Signing Shares") to be removed and all of the Purchase Shares to be issued under this Agreement shall be issued without any restrictive legend unless the Buyer expressly consents otherwise. The Company shall issue irrevocable instructions to the Transfer Agent, and any subsequent transfer agent, to issue Purchase Shares in the name of the Buyer for the Purchase Shares (the "Irrevocable Transfer Agent Instructions"). The Company warrants to the Buyer that no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5, will be given by the Company to the Transfer Agent with respect to the Purchase Shares and that the Commitment Shares, Signing Shares and the Purchase Shares shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Registration Rights Agreement subject to the provisions of Section 4(e) in the case of the Commitment Shares.

## **6. CONDITIONS TO THE COMPANY'S RIGHT TO COMMENCE SALES OF SHARES OF COMMON STOCK UNDER THIS AGREEMENT.**

The right of the Company hereunder to commence sales of the Purchase Shares is subject to the satisfaction of each of the following conditions on or before the Commencement Date (the date that the Company may begin sales):

(a) The Buyer shall have executed each of the Transaction Documents and delivered the same to the Company;

(b) A registration statement covering the sale of all of the Commitment Shares, Signing Shares and Purchase Shares shall have been declared effective under the 1933 Act by the SEC and no stop order with respect to the registration statement shall be pending or threatened by the SEC.

## **7. CONDITIONS TO THE BUYER'S OBLIGATION TO MAKE PURCHASES OF SHARES OF COMMON STOCK.**

The obligation of the Buyer to buy Purchase Shares under this Agreement is subject to the satisfaction of each of the following conditions on or before the Commencement Date (the date that the Company may begin sales) and once such conditions have been initially satisfied, there shall not be any ongoing obligation to satisfy such conditions after the Commencement has occurred:

(a) The Company shall have executed each of the Transaction Documents and delivered the same to the Buyer;

(b) The Company shall have issued to the Buyer the Commitment Shares and shall have removed the restrictive transfer legend from the certificate representing the Commitment Shares and Signing Shares;

(c) The Common Stock shall be authorized for quotation on the Principal Market, trading in the Common Stock shall not have been within the last 365 days suspended by the SEC or the Principal Market and the Purchase Shares and the Commitment Shares shall be approved for listing upon the Principal Market;

(d) The Buyer shall have received the opinions of the Company's legal counsel dated as of the Commencement Date substantially in the form of **Exhibit A** attached hereto;

(e) The representations and warranties of the Company shall be true and correct in all material respects (except to the extent that any of such representations and warranties is already qualified as to materiality in Section 3 above, in which case, such representations and warranties shall be true and correct without further qualification) as of the date when made and as of the Commencement Date as though made at that time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the Company at or prior to the Commencement Date. The Buyer shall have received a certificate, executed by the CEO, President or CFO of the Company, dated as of the Commencement Date, to the foregoing effect in the form attached hereto as **Exhibit B**;

(f) The Board of Directors of the Company shall have adopted resolutions in the form attached hereto as **Exhibit C** which shall be in full force and effect without any amendment or supplement thereto as of the Commencement Date;

(g) As of the Commencement Date, the Company shall have reserved out of its authorized and unissued Common Stock, solely for the purpose of effecting purchases of Purchase Shares hereunder, 3,000,000 shares of Common Stock;

(h) The Irrevocable Transfer Agent Instructions, in form acceptable to the Buyer shall have been delivered to and acknowledged in writing by the Company and the Company's Transfer Agent;

(i) The Company shall have delivered to the Buyer a certificate evidencing the incorporation and good standing of the Company in the State of Nevada issued by the Secretary of State of the State of Nevada as of a date within ten (10) Business Days of the Commencement Date;

(j) The Company shall have delivered to the Buyer a certified copy of the Articles of Incorporation as certified by the Secretary of State of the State of Nevada within ten (10) Business Days of the Commencement Date;

(k) The Company shall have delivered to the Buyer a secretary's certificate executed by the Secretary of the Company, dated as of the Commencement Date, in the form attached hereto as **Exhibit D**;

(l) A registration statement covering the sale of all of the Commitment Shares, Signing Shares and Purchase Shares shall have been declared effective under the 1933 Act by the SEC and no stop order with respect to the registration statement shall be pending or threatened by the SEC. The Company shall have prepared and delivered to the Buyer a final and complete form of prospectus, dated and current as of the Commencement Date, to be used by the Buyer in connection with any sales of any Commitment Shares, Signing Shares or any Purchase Shares, and to be filed by the Company one Business Day after the Commencement Date. The Company shall have made all filings under all applicable federal and state securities laws necessary to consummate the issuance of the Commitment Shares, Signing Shares and the Purchase Shares pursuant to this Agreement in compliance with such laws;

(m) No Event of Default has occurred, or any event which, after notice and/or lapse of time, would become an Event of Default has occurred;

(n) On or prior to the Commencement Date, the Company shall take all necessary action, if any, and such actions as reasonably requested by the Buyer, in order to render inapplicable any control share acquisition, business combination, shareholder rights plan or poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Articles of Incorporation or the laws of the state of its incorporation which is or could become applicable to the Buyer as a result of the transactions contemplated by this Agreement, including, without limitation, the Company's issuance of the Securities and the Buyer's ownership of the Securities; and

(o) The Company shall have provided the Buyer with the information requested by the Buyer in connection with its due diligence requests made prior to, or in connection with, the Commencement, in accordance with the terms of Section 4(g) hereof.

## **8. INDEMNIFICATION.**

In consideration of the Buyer's execution and delivery of the Transaction Documents and acquiring the Securities hereunder and in addition to all of the Company's other obligations under the Transaction Documents, the Company shall defend, protect, indemnify and hold harmless the Buyer and all of its affiliates, shareholders, officers, directors, employees and direct or indirect investors and any of the foregoing person's agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by any Indemnitee as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, or (c) any cause of action, suit or claim brought or made against such Indemnitee and arising out of or resulting from the execution, delivery, performance or enforcement of the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, other than with respect to Indemnified Liabilities which directly and primarily result from the gross negligence or willful misconduct of the Indemnitee. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

## **9. EVENTS OF DEFAULT.**

An "Event of Default" shall be deemed to have occurred at any time as any of the following events occurs:

(a) while any registration statement is required to be maintained effective pursuant to the terms of the Registration Rights Agreement, the effectiveness of such registration statement lapses for any reason (including, without limitation, the issuance of a stop order) or is unavailable to the Buyer for sale of all of the Registrable Securities (as defined in the Registration Rights Agreement) in accordance with the terms of the Registration Rights Agreement, and such lapse or unavailability continues for a period of twenty (20) consecutive Business Days or for more than an aggregate of sixty (60) Business Days in any 365-day period;

(b) the suspension from trading or failure of the Common Stock to be listed on the Principal Market for a period of three (3) consecutive Business Days;

(c) the delisting of the Company's Common Stock from the Principal Market, provided, however, that the Common Stock is not immediately thereafter trading on the New York Stock Exchange, the Nasdaq Global Market, the Nasdaq Global Select Market, the Nasdaq Capital Market or the American Stock Exchange;

(d) the failure for any reason by the Transfer Agent to issue Purchase Shares to the Buyer within five (5) Business Days after the applicable Purchase Date which the Buyer is entitled to receive;

(e) the Company breaches any representation, warranty, covenant or other term or condition under any Transaction Document if such breach could have a Material Adverse Effect and except, in the case of a breach of a covenant which is reasonably curable, only if such breach continues for a period of at least five (5) Business Days;

(f) if any Person commences a proceeding against the Company pursuant to or within the meaning of any Bankruptcy Law ;

(g) if the Company pursuant to or within the meaning of any Bankruptcy Law; (A) commences a voluntary case, (B) consents to the entry of an order for relief against it in an involuntary case, (C) consents to the appointment of a Custodian of it or for all or substantially all of its property, (D) makes a general assignment for the benefit of its creditors, (E) becomes insolvent, or (F) is generally unable to pay its debts as the same become due;

(h) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (A) is for relief against the Company in an involuntary case, (B) appoints a Custodian of the Company or for all or substantially all of its property, or (C) orders the liquidation of the Company or any Subsidiary; or

(i) a material adverse change in the business, properties, operations, financial condition or results of operations of the Company and its Subsidiaries taken as a whole.

In addition to any other rights and remedies under applicable law and this Agreement, including the Buyer termination rights under Section 11(k) hereof, so long as an Event of Default has occurred and is continuing, or if any event which, after notice and/or lapse of time, would become an Event of Default, has occurred and is continuing, or so long as the Purchase Price is below the Purchase Price Floor, the Buyer shall not be permitted or obligated to purchase any shares of Common Stock under this Agreement. If pursuant to or within the meaning of any Bankruptcy Law, the Company commences a voluntary case or any Person commences a proceeding against the Company, a Custodian is appointed for the Company or for all or substantially all of its property, or the Company makes a general assignment for the benefit of its creditors, (any of which would be an Event of Default as described in Sections 9(f), 9(g) and 9(h) hereof) this Agreement shall automatically terminate without any liability or payment to the Company without further action or notice by any Person. No such termination of this Agreement under Section 11(k)(i) shall affect the Company's or the Buyer's obligations under this Agreement with respect to pending purchases and the Company and the Buyer shall complete their respective obligations with respect to any pending purchases under this Agreement.

## **10. CERTAIN DEFINED TERMS.**

For purposes of this Agreement, the following terms shall have the following meanings:

(a) "1933 Act" means the Securities Act of 1933, as amended.

(b) "Available Amount" means initially Eight Million Dollars (\$8,000,000) in the aggregate which amount shall be reduced by the Purchase Amount each time the Buyer purchases shares of Common Stock pursuant to Section 1 hereof.

(c) "Bankruptcy Law" means Title 11, U.S. Code, or any similar federal or state law for the relief of debtors.

(d) "Base Purchase Notice" shall mean an irrevocable written notice from the Company to the Buyer directing the Buyer to buy up to the Base Purchase Amount in Purchase Shares as specified by the Company therein at the applicable Purchase Price on the Purchase Date.

(e) "Block Purchase Amount" shall mean such Block Purchase Amount as specified by the Company in a Block Purchase Notice subject to Section 1(b) hereof.

(f) "Block Purchase Notice" shall mean an irrevocable written notice from the Company to the Buyer directing the Buyer to buy the Block Purchase Amount in Purchase Shares as specified by the Company therein at the Block Purchase Price as of the Purchase Date subject to Section 1 hereof.

(d) "Business Day" means any day on which the Principal Market is open for trading including any day on which the Principal Market is open for trading for a period of time less than the customary time.

(e) "Closing Sale Price" means, for any security as of any date, the last closing trade price for such security on the Principal Market as reported by the Principal Market, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by the Principal Market.

(f) "Confidential Information" means any information disclosed by either party to the other party, either directly or indirectly, in writing, orally or by inspection of tangible objects (including, without limitation, documents, prototypes, samples, plant and equipment), which is designated as "Confidential," "Proprietary" or some similar designation. Information communicated orally shall be considered Confidential Information if such information is confirmed in writing as being Confidential Information within ten (10) Business Days after the initial disclosure. Confidential Information may also include information disclosed to a disclosing party by third parties. Confidential Information shall not, however, include any information which (i) was publicly known and made generally available in the public domain prior to the time of disclosure by the disclosing party; (ii) becomes publicly known and made generally available after disclosure by the disclosing party to the receiving party through no action or inaction of the receiving party; (iii) is already in the possession of the receiving party at the time of disclosure by the disclosing party as shown by the receiving party's files and records immediately prior to the time of disclosure; (iv) is obtained by the receiving party from a third party without a breach of such third party's obligations of confidentiality; (v) is independently developed by the receiving party without use of or reference to the disclosing party's Confidential Information, as shown by documents and other competent evidence in the receiving party's possession; or (vi) is required by law to be disclosed by the receiving party, provided that the receiving party gives the disclosing party prompt written notice of such requirement prior to such disclosure and assistance in obtaining an order protecting the information from public disclosure.



(g) “Custodian” means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

(h) “Maturity Date” means the date that is 600 Business Days (30 Monthly Periods) from the Commencement Date.

(i) “Monthly Period” means each successive 20 Business Day period commencing with the Commencement Date.

(j) “Person” means an individual or entity including any limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

(k) “Principal Market” means the OTC Bulletin Board; provided however, that in the event the Company’s Common Stock is ever listed or traded on the Nasdaq Global Market, the Nasdaq Global Select Market, the Nasdaq Capital Market, the New York Stock Exchange or the American Stock Exchange, then the “Principal Market” shall mean such other market or exchange on which the Company’s Common Stock is then listed or traded.

(l) “Purchase Amount” means, with respect to any particular purchase made hereunder, the portion of the Available Amount to be purchased by the Buyer pursuant to Section 1 hereof as set forth in a valid Base Purchase Notice or a valid Block Purchase Notice which the Company delivers to the Buyer.

(m) “Purchase Date” means with respect to any particular purchase made hereunder, the Business Day after receipt by the Buyer of a valid Base Purchase Notice or a valid Block Purchase Notice that the Buyer is to buy Purchase Shares pursuant to Section 1 hereof.

(n) “Purchase Price” means the lower of the (A) the lowest Sale Price of the Common Stock on the Purchase Date and (B) the arithmetic average of the three (3) lowest Closing Sale Prices for the Common Stock during the twelve (12) consecutive Business Days ending on the Business Day immediately preceding such Purchase Date (to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction).

(o) “Sale Price” means, any trade price for the shares of Common Stock on the Principal Market as reported by the Principal Market.

(q) “SEC” means the United States Securities and Exchange Commission.

(r) “Transfer Agent” means the transfer agent of the Company as set forth in Section 11(f) hereof or such other person who is then serving as the transfer agent for the Company in respect of the Common Stock.

## 11. MISCELLANEOUS.

(a) Governing Law; Jurisdiction; Jury Trial. The corporate laws of the State of Nevada shall govern all issues concerning the relative rights of the Company and its shareholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement and the other Transaction Documents shall be governed by the internal laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Illinois or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Illinois. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of Chicago, for the adjudication of any dispute hereunder or under the other Transaction Documents or in connection herewith or therewith, or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

(b) Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; provided that a facsimile signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original, not a facsimile signature.

(c) Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

(d) Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

(e) Entire Agreement. With the exception of the Mutual Nondisclosure Agreement between the parties dated as of October 15, 2008, this Agreement supersedes all other prior oral or written agreements between the Buyer, the Company, their affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement, the other Transaction Documents and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. The Company acknowledges and agrees that it has not relied on, in any manner whatsoever, any representations or statements, written or oral, other than as expressly set forth in this Agreement.

(f) Notices. Any notices, consents or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt when delivered personally; (ii) upon receipt when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

NeoGenomics, Inc.  
12701 Commonwealth Drive, Suite 9  
Forty Myers, FL 33913  
Telephone: 239-768-0600  
Facsimile: 239-768-1672  
Attention: Chief Financial Officer

With a copy to:

K&L Gates LLP  
Wachovia Financial Center  
200 South Biscayne Boulevard, Suite 3900  
Miami, Florida 33131  
Telephone: 305-539-3300  
Facsimile: 305-358-7095  
Attention: Clayton E. Parker, Esq.

If to the Buyer:

Fusion Capital Fund II, LLC  
222 Merchandise Mart Plaza, Suite 9-112  
Chicago, IL 60654  
Telephone: 312-644-6644  
Facsimile: 312-644-6244  
Attention: Steven G. Martin

If to the Transfer Agent:

Standard Registrar & Transfer Company  
12528 South 1840  
East Draper, Utah 84020  
Telephone: (801) 571-8844  
Facsimile: (801) 571-2551  
Attention: Ronald Harrington, President

or at such other address and/or facsimile number and/or to the attention of such other person as the recipient party has specified by written notice given to each other party three (3) Business Days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, and recipient facsimile number or (C) provided by a nationally recognized overnight delivery service, shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

(g) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Buyer, including by merger or consolidation. The Buyer may not assign its rights or obligations under this Agreement.

(h) No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

(i) Publicity. The Buyer shall have the right to approve before issuance any press release, SEC filing or any other public disclosure made by or on behalf of the Company whatsoever with respect to, in any manner, the Buyer, its purchases hereunder or any aspect of this Agreement or the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of the Buyer, to make any press release or other public disclosure (including any filings with the SEC) with respect to such transactions as is required by applicable law and regulations so long as the Company and its counsel consult with the Buyer in connection with any such press release or other public disclosure at least two (2) Business Days prior to its release or such other period of time which is mutually agreed upon by the Company and the Buyer. The Buyer must be provided with a copy thereof at least two (2) Business Days prior to any release or use by the Company thereof or such other period of time which is mutually agreed upon by the Company and the Buyer. The Buyer agrees that once the language required for any SEC disclosures, press releases, or other public disclosures is agreed upon between the parties, the Company is authorized to use such language in any subsequent SEC disclosures, press releases or other public disclosures without consulting with the Buyer so long as the language used does not materially differ from the original language agreed upon other than any updates to the number of securities sold under this Agreement.

(j) Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) Termination. This Agreement may be terminated only as follows:

(i) By the Buyer any time an Event of Default exists without any liability or payment to the Company. However, if pursuant to or within the meaning of any Bankruptcy Law, the Company commences a voluntary case or any Person commences a proceeding against the Company, a Custodian is appointed for the Company or for all or substantially all of its property, or the Company makes a general assignment for the benefit of its creditors, (any of which would be an Event of Default as described in Sections 9(f), 9(g) and 9(h) hereof) this Agreement shall automatically terminate without any liability or payment to the Company without further action or notice by any Person. No such termination of this Agreement under this Section 11(k)(i) shall affect the Company's or the Buyer's obligations under this Agreement with respect to pending purchases and the Company and the Buyer shall complete their respective obligations with respect to any pending purchases under this Agreement.

(ii) In the event that the Commencement shall not have occurred, the Company shall have the option to terminate this Agreement for any reason or for no reason without any liability whatsoever of any party to any other party under this Agreement.

(iii) In the event that the Commencement shall not have occurred on or before March 31, 2009, due to the failure to satisfy the conditions set forth in Sections 6 and 7 above with respect to the Commencement, the non-breaching party shall have the option to terminate this Agreement at the close of business on such date or thereafter without liability of any party to any other party.

(iv) At any time after the Commencement Date, the Company shall have the option to terminate this Agreement for any reason or for no reason by delivering notice (a "Company Termination Notice") to the Buyer electing to terminate this Agreement without any liability whatsoever of any party to any other party under this Agreement. The Company Termination Notice shall not be effective until one (1) Business Day after it has been received by the Buyer.

(v) This Agreement shall automatically terminate on the date that the Company sells and the Buyer purchases the full Available Amount as provided herein, without any action or notice on the part of any party and without any liability whatsoever of any party to any other party under this Agreement.

(vi) If by the Maturity Date for any reason or for no reason the full Available Amount under this Agreement has not been purchased as provided for in Section 1 of this Agreement, this Agreement shall automatically terminate on the Maturity Date, without any action or notice on the part of any party and without any liability whatsoever of any party to any other party under this Agreement.

Except as set forth in Sections 11(k)(i) (in respect of an Event of Default under Sections 9(f), 9(g) and 9(h)) and 11(k)(vi), any termination of this Agreement pursuant to this Section 11(k) shall be effected by written notice from the Company to the Buyer, or the Buyer to the Company, as the case may be, setting forth the basis for the termination hereof. The representations and warranties of the Company and the Buyer contained in Sections 2, 3 and 5 hereof, the indemnification provisions set forth in Section 8 hereof and the agreements and covenants set forth in Section 11, shall survive the Commencement and any termination of this Agreement. No termination of this Agreement shall affect the Company's or the Buyer's rights or obligations (i) under the Registration Rights Agreement which shall survive any such termination or (ii) under this Agreement with respect to pending purchases and the Company and the Buyer shall complete their respective obligations with respect to any pending purchases under this Agreement.

(l) No Financial Advisor, Placement Agent, Broker or Finder. The Company represents and warrants to the Buyer that it has not engaged any financial advisor, placement agent, broker or finder in connection with the transactions contemplated hereby. The Buyer represents and warrants to the Company that it has not engaged any financial advisor, placement agent, broker or finder in connection with the transactions contemplated hereby. The Company shall be responsible for the payment of any fees or commissions, if any, of any financial advisor, placement agent, broker or finder relating to or arising out of the transactions contemplated hereby. The Company shall pay, and hold the Buyer harmless against, any liability, loss or expense (including, without limitation, attorneys' fees and out of pocket expenses) arising in connection with any such claim.

(m) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

(n) Remedies, Other Obligations, Breaches and Injunctive Relief. The Buyer's remedies provided in this Agreement shall be cumulative and in addition to all other remedies available to the Buyer under this Agreement, at law or in equity (including a decree of specific performance and/or other injunctive relief), no remedy of the Buyer contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit the Buyer's right to pursue actual damages for any failure by the Company to comply with the terms of this Agreement. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Buyer shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

(o) Enforcement Costs. If: (i) this Agreement is placed by the Buyer in the hands of an attorney for enforcement or is enforced by the Buyer through any legal proceeding; or (ii) an attorney is retained to represent the Buyer in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under this Agreement; or (iii) an attorney is retained to represent the Buyer in any other proceedings whatsoever in connection with this Agreement, then the Company shall pay to the Buyer, as incurred by the Buyer, all reasonable costs and expenses including attorneys' fees incurred in connection therewith, in addition to all other amounts due hereunder.

(p) Failure or Indulgence Not Waiver. No failure or delay in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

\* \* \* \* \*

**IN WITNESS WHEREOF**, the Buyer and the Company have caused this Common Stock Purchase Agreement to be duly executed as of the date first written above.

**THE COMPANY:**

**NEOGENOMICS, INC.**

By: /s/ Robert P. Gasparini

Name: Robert P. Gasparini

Title: President

**BUYER:**

**FUSION CAPITAL FUND II, LLC**

**BY: FUSION CAPITAL PARTNERS, LLC**

**BY: ROCKLEDGE CAPITAL CORPORATION**

By: /s/ Joshua B. Scheinfeld

Name: Joshua B. Scheinfeld

Title: President

## **SCHEDULES**

Schedule 3(a)	Subsidiaries
Schedule 3(c)	Capitalization
Schedule 3(e)	Conflicts
Schedule 3(f)	1934 Act Filings
Schedule 3(g)	Material Changes
Schedule 3(h)	Litigation
Schedule 3(k)	Intellectual Property
Schedule 3(m)	Liens
Schedule 3(q)	Certain Transactions

## **EXHIBITS**

Exhibit A	Form of Company Counsel Opinion
Exhibit B	Form of Officer's Certificate
Exhibit C	Form of Resolutions of Board of Directors of the Company
Exhibit D	Form of Secretary's Certificate
Exhibit E	Form of Letter to Transfer Agent

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## EXHIBIT A

### FORM OF COMPANY COUNSEL OPINION

Capitalized terms used herein but not defined herein, have the meaning set forth in the Common Stock Purchase Agreement. Based on the foregoing, and subject to the assumptions and qualifications set forth herein, we are of the opinion that:

1. The Company is a corporation existing and in good standing under the laws of the State of Nevada. The Company is qualified to do business as a foreign corporation and is in good standing in the State of Florida.

2. The Company has the corporate power to execute and deliver, and perform its obligations under, each Transaction Document to which it is a party. The Company has the corporate power to conduct its business as, to the best of our knowledge, it is now conducted, and to own and use the properties owned and used by it.

3. The execution, delivery and performance by the Company of the Transaction Documents to which it is a party have been duly authorized by all necessary corporate action on the part of the Company. The execution and delivery of the Transaction Documents by the Company, the performance of the obligations of the Company thereunder and the consummation by it of the transactions contemplated therein have been duly authorized and approved by the Company's Board of Directors and no further consent, approval or authorization of the Company, its Board of Directors or its stockholders is required. The Transaction Documents to which the Company is a party have been duly executed and delivered by the Company and are the valid and binding obligations of the Company, enforceable against the Company in accordance with their terms except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, liquidation or similar laws relating to, or affecting creditor's rights and remedies.

4. The execution, delivery and performance by the Company of the Transaction Documents, the consummation by the Company of the transactions contemplated thereby including the offering, sale and issuance of the Commitment Shares, and the Purchase Shares in accordance with the terms and conditions of the Common Stock Purchase Agreement, and fulfillment and compliance with terms of the Transaction Documents, does not and shall not: (i) conflict with, constitute a breach of or default (or an event which, with the giving of notice or lapse of time or both, constitutes or could constitute a breach or a default), under (a) the Articles of Incorporation or the Bylaws of the Company, (b) any material agreement, note, lease, mortgage, deed or other material instrument to which to our knowledge the Company is a party or by which the Company or any of its assets are bound, (ii) result in any violation of any statute, law, rule or regulation applicable to the Company, or (iii) to our knowledge, violate any order, writ, injunction or decree applicable to the Company or any of its subsidiaries.

5. The issuance of the Signing Shares pursuant to the terms of the that certain Confidential Term Sheet dated as of October 10, 2007 between the Company and the Buyer and the issuance of the Purchase Shares and Commitment Shares pursuant to the terms and conditions of the Transaction Documents has been duly authorized and the Signing Shares and Commitment Shares are validly issued, fully paid and non-assessable, to our knowledge, free of all taxes, liens, charges, restrictions, rights of first refusal and preemptive rights. [ ] shares of Common Stock have been properly reserved for issuance under the Common Stock Purchase Agreement. When issued and paid for in accordance with the Common Stock Purchase Agreement, the Purchase Shares shall be validly issued, fully paid and non-assessable, to our knowledge, free of all taxes, liens, charges, restrictions, rights of first refusal and preemptive rights. To our knowledge, the execution and delivery of the Registration Rights Agreement do not, and the performance by the Company of its obligations thereunder shall not, give rise to any rights of any other person for the registration under the 1933 Act of any shares of Common Stock or other securities of the Company which have not been waived.

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6. As of the date hereof, the authorized capital stock of the Company consists of 100,000,000 shares of common stock, par value \$0.001 per share, of which to our knowledge [ ] shares are issued and outstanding and 10,000,000 shares of Preferred Stock, \$0.001 par value, of which as of the date hereof [no] shares are issued and outstanding. Except as set forth on Schedule 3(c) of the Common Stock Purchase Agreement, to our knowledge, there are no outstanding shares of capital stock or other securities convertible into or exchangeable or exercisable for shares of the capital stock of the Company.

7. Assuming the accuracy of the representations and your compliance with the covenants made by you in the Transaction Documents, the offering, sale and issuance of the Commitment Shares to you pursuant to the Transaction Documents is exempt from registration under the 1933 Act and the securities laws and regulations of the States of Illinois, Florida and Nevada.

8. Other than that which has been obtained and completed prior to the date hereof, no authorization, approval, consent, filing or other order of any federal or state governmental body, regulatory agency, or stock exchange or market, or any court, or, to our knowledge, any third party is required to be obtained by the Company to enter into and perform its obligations under the Transaction Documents or for the Company to issue and sell the Purchase Shares as contemplated by the Transaction Documents.

9. To our knowledge, since October 1, 2007, the Company has not received any written notice from the Principal Market stating that the Company has not been in compliance with any of the rules and regulations (including the requirements for continued listing) of the Principal Market.

We further advise you that to our knowledge, except as disclosed on Schedule 3(h) in the Common Stock Purchase Agreement, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body, any governmental agency, any stock exchange or market, or self-regulatory organization, which has been threatened in writing or which is currently pending against the Company, any of its subsidiaries, any officers or directors of the Company or any of its subsidiaries or any of the properties of the Company or any of its subsidiaries.

In addition, we have participated in the preparation of the Registration Statement (SEC File # ) covering the sale of the Purchase Shares, the Commitment Shares including the prospectus dated , contained therein and in conferences with officers and other representatives of the Company (including the Company's independent auditors) during which the contents of the Registration Statement and related matters were discussed and reviewed and, although we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, on the basis of the information that was developed in the course of the performance of the services referred to above, considered in the light of our understanding of the applicable law, nothing came to our attention that caused us to believe that the Registration Statement (other than the financial statements and schedules and the other financial and statistical data included therein, as to which we express no belief), as of their dates, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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**EXHIBIT B**

**FORM OF OFFICER'S CERTIFICATE**

This Officer's Certificate ("**Certificate**") is being delivered pursuant to Section 7(e) of that certain Common Stock Purchase Agreement dated as of \_\_\_\_\_, ("**Common Stock Purchase Agreement**"), by and between **NEOGENOMICS, INC.**, a Nevada corporation (the "**Company**"), and **FUSION CAPITAL FUND II, LLC** (the "**Buyer**"). Terms used herein and not otherwise defined shall have the meanings ascribed to them in the Common Stock Purchase Agreement.

The undersigned, \_\_\_\_\_, \_\_\_\_\_ of the Company, hereby certifies as follows:

1. I am the \_\_\_\_\_ of the Company and make the statements contained in this Certificate;
  
2. The representations and warranties of the Company are true and correct in all material respects (except to the extent that any of such representations and warranties is already qualified as to materiality in Section 3 of the Common Stock Purchase Agreement, in which case, such representations and warranties are true and correct without further qualification) as of the date when made and as of the Commencement Date as though made at that time (except for representations and warranties that speak as of a specific date);
  
3. The Company has performed, satisfied and complied in all material respects with covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the Company at or prior to the Commencement Date.
  
4. The Company has not taken any steps, and does not currently expect to take any steps, to seek protection pursuant to any Bankruptcy Law nor does the Company or any of its Subsidiaries have any knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy or insolvency proceedings. The Company is financially solvent and is generally able to pay its debts as they become due.

IN WITNESS WHEREOF, I have hereunder signed my name on this \_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Name:  
Title:

The undersigned as Secretary of \_\_\_\_\_, a \_\_\_\_\_ corporation, hereby certifies that \_\_\_\_\_ is the duly elected, appointed, qualified and acting \_\_\_\_\_ of \_\_\_\_\_ and that the signature appearing above is his genuine signature.

\_\_\_\_\_  
Secretary

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**EXHIBIT C-1**

**FORM OF COMPANY RESOLUTIONS  
FOR SIGNING PURCHASE AGREEMENT**

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF  
NEOGENOMICS, INC.**

WHEREAS, there has been presented to the Board of Directors of the Corporation a draft of the Common Stock Purchase Agreement (the "Purchase Agreement") by and between the Corporation and Fusion Capital Fund II, LLC ("Fusion"), providing for the purchase by Fusion of up to Eight Million Dollars (\$8,000,000) of the Corporation's common stock, par value \$0.001 (the "Common Stock"); and

WHEREAS, after careful consideration of the Purchase Agreement, the documents incident thereto and other factors deemed relevant by the Board of Directors, the Board of Directors has determined that it is advisable and in the best interests of the Corporation to engage in the transactions contemplated by the Purchase Agreement, including, but not limited to, the issuance of 400,000 shares of Common Stock to Fusion as a commitment fee (the "Commitment Shares") and the sale of shares of Common Stock to Fusion up to the available amount under the Purchase Agreement (the "Purchase Shares").

**Transaction Documents**

NOW, THEREFORE, BE IT RESOLVED, that the transactions described in the Purchase Agreement are hereby approved and Robert P. Gasparini and Steven C. Jones (the "Authorized Officers") are severally authorized to execute and deliver the Purchase Agreement, and any other agreements or documents contemplated thereby including, without limitation, a registration rights agreement (the "Registration Rights Agreement") providing for the registration of the shares of the Company's Common Stock issuable in respect of the Purchase Agreement on behalf of the Corporation, with such amendments, changes, additions and deletions as the Authorized Officers may deem to be appropriate and approve on behalf of, the Corporation, such approval to be conclusively evidenced by the signature of an Authorized Officer thereon; and

FURTHER RESOLVED, that the terms and provisions of the Registration Rights Agreement by and among the Corporation and Fusion are hereby approved and the Authorized Officers are authorized to execute and deliver the Registration Rights Agreement (pursuant to the terms of the Purchase Agreement), with such amendments, changes, additions and deletions as the Authorized Officer may deem appropriate and approve on behalf of, the Corporation, such approval to be conclusively evidenced by the signature of an Authorized Officer thereon; and

FURTHER RESOLVED, that the terms and provisions of the Form of Transfer Agent Instructions (the "Instructions") are hereby approved and the Authorized Officers are authorized to execute and deliver the Instructions (pursuant to the terms of the Purchase Agreement), with such amendments, changes, additions and deletions as the Authorized Officers may deem appropriate and approve on behalf of, the Corporation, such approval to be conclusively evidenced by the signature of an Authorized Officer thereon; and

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**Execution of Purchase Agreement**

FURTHER RESOLVED, that the Corporation be and it hereby is authorized to execute and deliver the Purchase Agreement providing for the purchase of common stock of the Corporation having an aggregate value of up to \$8,000,000; and

**Issuance of Common Stock**

FURTHER RESOLVED, that the Corporation was authorized to issue 17,500 shares of Common Stock to Fusion pursuant to the Confidential Term Sheet between the Company and Fusion dated as of October 10, 2008 ("Signing Shares") and that upon issuance of the Signing Shares, the Signing Shares have been duly authorized, validly issued, fully paid and nonassessable with no personal liability attaching to the ownership thereof; and

FURTHER RESOLVED, that the Corporation is hereby authorized to issue 400,000 shares of Common Stock to Fusion as Commitment Shares and that upon issuance of the Commitment Shares pursuant to the Purchase Agreement, the Commitment Shares shall be duly authorized, validly issued, fully paid and nonassessable with no personal liability attaching to the ownership thereof; and

FURTHER RESOLVED, that the Corporation is hereby authorized to issue shares of Common Stock upon the purchase of Purchase Shares up to the available amount under the Purchase Agreement in accordance with the terms of the Purchase Agreement and that, upon issuance of the Purchase Shares pursuant to the Purchase Agreement, the Purchase Shares will be duly authorized, validly issued, fully paid and nonassessable with no personal liability attaching to the ownership thereof; and

FURTHER RESOLVED, that the Corporation shall initially reserve 3,000,000 shares of Common Stock for issuance as Purchase Shares under the Purchase Agreement.

**Approval of Actions**

FURTHER RESOLVED, that, without limiting the foregoing, the Authorized Officers are, and each of them hereby is, authorized and directed to proceed on behalf of the Corporation and to take all such steps as deemed necessary or appropriate, with the advice and assistance of counsel, to cause the Corporation to consummate the agreements referred to herein and to perform its obligations under such agreements; and

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed on behalf of and in the name of the Corporation, to take or cause to be taken all such further actions and to execute and deliver or cause to be executed and delivered all such further agreements, amendments, documents, certificates, reports, schedules, applications, notices, letters and undertakings and to incur and pay all such fees and expenses as in their judgment shall be necessary, proper or desirable to carry into effect the purpose and intent of any and all of the foregoing resolutions, and that all actions heretofore taken by any officer or director of the Corporation in connection with the transactions contemplated by the agreements described herein are hereby approved, ratified and confirmed in all respects.

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**EXHIBIT C-2**

**FORM OF COMPANY RESOLUTIONS APPROVING REGISTRATION STATEMENT**

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF  
NEOGENOMICS, INC.**

WHEREAS, there has been presented to the Board of Directors of the Corporation a Common Stock Purchase Agreement (the "Purchase Agreement") by and among the Corporation and Fusion Capital Fund II, LLC ("Fusion"), providing for the purchase by Fusion of up to Eight Million Dollars (\$8,000,000) of the Corporation's common stock, par value \$0.001 (the "Common Stock"); and

WHEREAS, after careful consideration of the Purchase Agreement, the documents incident thereto and other factors deemed relevant by the Board of Directors, the Board of Directors has approved the Purchase Agreement and the transactions contemplated thereby and the Company has executed and delivered the Purchase Agreement to Fusion; and

WHEREAS, in connection with the transactions contemplated pursuant to the Purchase Agreement, the Company has agreed to file a registration statement with the Securities and Exchange Commission (the "Commission") registering the Commitment Shares (as defined in the Purchase Agreement), the Signing Shares (as defined in the Purchase Agreement) and the Purchase Shares (as herein defined in the Purchase Agreement) and to list the Commitment Shares and Purchase Shares as may be required;

WHEREAS, the management of the Corporation has prepared an initial draft of a Registration Statement on Form \_\_\_\_ (the "Registration Statement") in order to register the sale of the Purchase Shares, Signing Shares and the Commitment Shares (collectively, the "Shares"); and

WHEREAS, the Board of Directors has determined to approve the Registration Statement and to authorize the appropriate officers of the Corporation to take all such actions as they may deem appropriate to effect the offering.

NOW, THEREFORE, BE IT RESOLVED, that the officers and directors of the Corporation be, and each of them hereby is, authorized and directed, with the assistance of counsel and accountants for the Corporation, to prepare, execute and file with the Commission the Registration Statement, which Registration Statement shall be filed substantially in the form presented to the Board of Directors, with such changes therein as the Chief Executive Officer of the Corporation or any Vice President of the Corporation shall deem desirable and in the best interest of the Corporation and its shareholders (such officer's execution thereof including such changes shall be deemed to evidence conclusively such determination); and

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, with the assistance of counsel and accountants for the Corporation, to prepare, execute and file with the Commission all amendments, including post-effective amendments, and supplements to the Registration Statement, and all certificates, exhibits, schedules, documents and other instruments relating to the Registration Statement, as such officers shall deem necessary or appropriate (such officer's execution and filing thereof shall be deemed to evidence conclusively such determination); and

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FURTHER RESOLVED, that the execution of the Registration Statement and of any amendments and supplements thereto by the officers and directors of the Corporation be, and the same hereby is, specifically authorized either personally or by the authorized officers as such officer's or director's true and lawful attorneys-in-fact and agents; and

FURTHER RESOLVED, that the authorized officers are hereby designated as "Agent for Service" of the Corporation in connection with the Registration Statement and the filing thereof with the Commission, and the authorized officers hereby are authorized to receive communications and notices from the Commission with respect to the Registration Statement; and

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed to pay all fees, costs and expenses that may be incurred by the Corporation in connection with the Registration Statement; and

FURTHER RESOLVED, that it is desirable and in the best interest of the Corporation that the Shares be qualified or registered for sale in various states; that the officers of the Corporation be, and each of them hereby is, authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the Shares as they may deem advisable; that said officers be, and each of them hereby is, authorized to perform on behalf of the Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents, appointments of attorneys for service of process and resolutions; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from the Corporation and the approval and ratification by the Corporation of the papers and documents so executed and the actions so taken; and

FURTHER RESOLVED, that if, in any state where the securities to be registered or qualified for sale to the public, or where the Corporation is to be registered in connection with the public offering of the Shares, a prescribed form of resolution or resolutions is required to be adopted by the Board of Directors, each such resolution shall be deemed to have been and hereby is adopted, and the Secretary is hereby authorized to certify the adoption of all such resolutions as though such resolutions were now presented to and adopted by the Board of Directors; and

FURTHER RESOLVED, that the officers of the Corporation with the assistance of counsel be, and each of them hereby is, authorized and directed to take all necessary steps and do all other things necessary and appropriate to effect the listing of the Shares on the OTC Bulletin Board, if any.

#### **Approval of Actions**

FURTHER RESOLVED, that, without limiting the foregoing, the authorized officers are, and each of them hereby is, authorized and directed to proceed on behalf of the Corporation and to take all such steps as are deemed necessary or appropriate, with the advice and assistance of counsel, to cause the Corporation to take all such action referred to herein and to perform its obligations incident to the registration, listing and sale of the Shares; and

FURTHER RESOLVED, that the authorized officers be, and each of them hereby is, authorized, empowered and directed on behalf of and in the name of the Corporation, to take or cause to be taken all such further actions and to execute and deliver or cause to be executed and delivered all such further agreements, amendments, documents, certificates, reports, schedules, applications, notices, letters and undertakings and to incur and pay all such fees and expenses as in their judgment shall be necessary, proper or desirable to carry into effect the purpose and intent of any and all of the foregoing resolutions, and that all actions heretofore taken by any officer or director of the Corporation in connection with the transactions contemplated by the agreements described herein are hereby approved, ratified and confirmed in all respects.

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**EXHIBIT D**

**FORM OF SECRETARY'S CERTIFICATE**

This Secretary's Certificate ("Certificate") is being delivered pursuant to Section 7(k) of that certain Common Stock Purchase Agreement dated as of \_\_\_\_\_, ("Common Stock Purchase Agreement"), by and between **NEOGENOMICS, INC.**, a Nevada corporation (the "Company") and **FUSION CAPITAL FUND II, LLC** (the "Buyer"), pursuant to which the Company may sell to the Buyer up to Eight Million Dollars (\$8,000,000) of the Company's Common Stock, par value \$0.001 per share (the "Common Stock"). Terms used herein and not otherwise defined shall have the meanings ascribed to them in the Common Stock Purchase Agreement.

The undersigned, \_\_\_\_\_, Secretary of the Company, hereby certifies as follows:

1. I am the Secretary of the Company and make the statements contained in this Secretary's Certificate.

2. Attached hereto as Exhibit A and Exhibit B are true, correct and complete copies of the Company's bylaws ("Bylaws") and Articles of Incorporation ("Articles"), in each case, as amended through the date hereof, and no action has been taken by the Company, its directors, officers or shareholders, in contemplation of the filing of any further amendment relating to or affecting the Bylaws or Articles.

3. Attached hereto as Exhibit C are true, correct and complete copies of the resolutions duly adopted by the Board of Directors of the Company on \_\_\_\_\_, at which a quorum was present and acting throughout. Such resolutions have not been amended, modified or rescinded and remain in full force and effect and such resolutions are the only resolutions adopted by the Company's Board of Directors, or any committee thereof, or the shareholders of the Company relating to or affecting (i) the entering into and performance of the Common Stock Purchase Agreement, or the issuance, offering and sale of the Purchase Shares and the Commitment Shares and (ii) and the performance of the Company of its obligation under the Transaction Documents as contemplated therein.

4. As of the date hereof, the authorized, issued and reserved capital stock of the Company is as set forth on Exhibit D hereto.

**IN WITNESS WHEREOF**, I have hereunder signed my name on this \_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Secretary

The undersigned as \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ corporation, hereby certifies that \_\_\_\_\_ is the duly elected, appointed, qualified and acting Secretary of \_\_\_\_\_, and that the signature appearing above is his genuine signature.

\_\_\_\_\_

\_\_\_\_\_



**EXHIBIT E**

**FORM OF LETTER TO THE TRANSFER AGENT FOR THE ISSUANCE OF THE  
COMMITMENTS SHARES AT SIGNING OF THE PURCHASE AGREEMENT**

[COMPANY LETTERHEAD]

[DATE]

[TRANSFER AGENT]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: Issuance of Common Shares to Fusion Capital Fund II, LLC

Dear \_\_\_\_\_,

On behalf of **NEOGENOMICS, INC.**, (the "Company"), you are hereby instructed to issue **as soon as possible** 400,000 shares of our common stock in the name of **Fusion Capital Fund II, LLC**. The share certificate should be dated [DATE OF THE COMMON STOCK PURCHASE AGREEMENT]. I have included a true and correct copy of the resolutions of the Board of Directors of the Company approving the issuance of these shares. The shares should be issued subject to the following restrictive legend:

**THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, UNLESS SOLD PURSUANT TO: (1) RULE 144 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (2) AN OPINION OF HOLDER'S COUNSEL, IN A CUSTOMARY FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS.**

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The share certificate should be sent **as soon as possible via overnight mail** to the following address:

Fusion Capital Fund II, LLC  
222 Merchandise Mart Plaza, Suite 9-112  
Chicago, IL 60654  
Attention: Steven Martin

Thank you very much for your help. Please call me at \_\_\_\_\_ if you have any questions or need anything further.

**NEOGENOMICS, INC.**

BY:

\_\_\_\_\_

[name]

[title]

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**REGISTRATION RIGHTS AGREEMENT**

**REGISTRATION RIGHTS AGREEMENT** (this "**Agreement**"), dated as of November 5, 2008, by and between **NEOGENOMICS, INC.**, a Nevada corporation, (the "**Company**"), and **FUSION CAPITAL FUND II, LLC** (together with it permitted assigns, the "**Buyer**"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Common Stock Purchase Agreement by and between the parties hereto, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "**Purchase Agreement**").

**WHEREAS:**

A. The Company has agreed, upon the terms and subject to the conditions of the Purchase Agreement, to issue to the Buyer (i) up to Eight Million Dollars (\$8,000,000) of the Company's common stock, par value \$0.001 per share (the "**Common Stock**") (the "**Purchase Shares**"), and (ii) such number of shares of Common Stock as is required pursuant to Section 4(e) of the Purchase Agreement (the "**Commitment Shares**"); and

B. To induce the Buyer to enter into the Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "**1933 Act**"), and applicable state securities laws.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Buyer hereby agree as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the following meanings:

a. "**Investor**" means the Buyer, any transferee or assignee thereof to whom a Buyer assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9 and any transferee or assignee thereof to whom a transferee or assignee assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9.

b. "**Person**" means any person or entity including any corporation, a limited liability company, a n association, a partnership, an organization, a business, an individual, a governmental or political subdivision thereof or a governmental agency.

c. "**Register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing one or more registration statements of the Company in compliance with the 1933 Act and pursuant to Rule 415 under the 1933 Act or any successor rule providing for offering securities on a continuous basis ("**Rule 415**"), and the declaration or ordering of effectiveness of such registration statement(s) by the United States Securities and Exchange Commission (the "**SEC**").

d. "**Registrable Securities**" means the Purchase Shares which have been, or which may from time to time be, issued or issuable upon purchases of the Available Amount under the Purchase Agreement (without regard to any limitation or restriction on purchases) the Signing Shares, issued or issuable to the Investor, and the Commitment Shares issued or issuable to the Investor and any shares of capital stock issued or issuable with respect to the Purchase Shares, the Commitment Shares, the Signing Shares, or the Purchase Agreement as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise, without regard to any limitation on purchases under the Purchase Agreement.

e. "**Registration Statement**" means the registration statement of the Company covering the sale of the Registrable Securities.

## 2. REGISTRATION.

a. Mandatory Registration. The Company shall within thirty (30) Business Days from the date hereof file with the SEC the Registration Statement. The Registration Statement shall register at least 3,000,000 Purchase Shares, the Signing Shares and the Commitment Shares. The Investor and its counsel shall have a reasonable opportunity to review and comment upon such registration statement or amendment to such registration statement and any related prospectus prior to its filing with the SEC. Investor shall furnish all information reasonably requested by the Company for inclusion therein. The Company shall use its best efforts to have the Registration Statement or amendment declared effective by the SEC at the earliest possible date. The Company shall use reasonable best efforts to keep the Registration Statement effective pursuant to Rule 415 promulgated under the 1933 Act and available for sales of all of the Registrable Securities at all times until the earlier of (i) the date as of which the Investor may sell all of the Registrable Securities without restriction pursuant to Rule 144(k) promulgated under the 1933 Act (or successor thereto) or (ii) the date on which (A) the Investor shall have sold all the Registrable Securities and no Available Amount remains under the Purchase Agreement (the "**Registration Period**"). The Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

b. Rule 424 Prospectus. The Company shall, as required by applicable securities regulations, from time to time file with the SEC, pursuant to Rule 424 promulgated under the 1933 Act, the prospectus and prospectus supplements, if any, to be used in connection with sales of the Registrable Securities under the Registration Statement. The Investor and its counsel shall have a reasonable opportunity to review and comment upon such prospectus prior to its filing with the SEC. The Investor shall use its reasonable best efforts to comment upon such prospectus within one (1) Business Day from the date the Investor receives the final version of such prospectus.

c. Sufficient Number of Shares Registered. In the event the number of shares available under the Registration Statement is insufficient to cover all of the Registrable Securities, the Company shall amend the Registration Statement or file a new registration statement (a "**New Registration Statement**"), so as to cover all of such Registrable Securities as soon as practicable, but in any event not later than twenty (20) Business Days after the necessity therefor arises. The Company shall use its reasonable best efforts to cause such amendment and/or New Registration Statement to become effective as soon as practicable following the filing thereof.

### 3. RELATED OBLIGATIONS.

With respect to the Registration Statement and whenever any Registrable Securities are to be registered pursuant to Section 2(b) including on any New Registration Statement, the Company shall use its reasonable best efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof and, pursuant thereto, the Company shall have the following obligations:

a. The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to any registration statement and the prospectus used in connection with such registration statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep the Registration Statement or any New Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement or any New Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such registration statement.

b. The Company shall permit the Investor to review and comment upon the Registration Statement or any New Registration Statement and all amendments and supplements thereto at least two (2) Business Days prior to their filing with the SEC, and not file any document in a form to which Investor reasonably objects. The Investor shall use its reasonable best efforts to comment upon the Registration Statement or any New Registration Statement and any amendments or supplements thereto within two (2) Business Days from the date the Investor receives the final version thereof. The Company shall furnish to the Investor, without charge any correspondence from the SEC or the staff of the SEC to the Company or its representatives relating to the Registration Statement or any New Registration Statement.

c. Upon request of the Investor, the Company shall furnish to the Investor, (i) promptly after the same is prepared and filed with the SEC, at least one copy of such registration statement and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits, (ii) upon the effectiveness of any registration statement, a copy of the prospectus included in such registration statement and all amendments and supplements thereto (or such other number of copies as the Investor may reasonably request) and (iii) such other documents, including copies of any preliminary or final prospectus, as the Investor may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by the Investor.

d. The Company shall use reasonable best efforts to (i) register and qualify the Registrable Securities covered by a registration statement under such other securities or "blue sky" laws of such jurisdictions in the United States as the Investor reasonably requests, (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify the Investor who holds Registrable Securities of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

e. As promptly as practicable after becoming aware of such event or facts, the Company shall notify the Investor in writing of the happening of any event or existence of such facts as a result of which the prospectus included in any registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and promptly prepare a supplement or amendment to such registration statement to correct such untrue statement or omission, and deliver a copy of such supplement or amendment to the Investor (or such other number of copies as the Investor may reasonably request). The Company shall also promptly notify the Investor in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when a registration statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to the Investor by facsimile on the same day of such effectiveness and by overnight mail), (ii) of any request by the SEC for amendments or supplements to any registration statement or related prospectus or related information, and (iii) of the Company's reasonable determination that a post-effective amendment to a registration statement would be appropriate.

f. The Company shall use its reasonable best efforts to prevent the issuance of any stop order or other suspension of effectiveness of any registration statement, or the suspension of the qualification of any Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify the Investor of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

g. The Company shall (i) cause all the Registrable Securities to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (ii) secure designation and quotation of all the Registrable Securities on the Principal Market. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section.

h. The Company shall cooperate with the Investor to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to any registration statement and enable such certificates to be in such denominations or amounts as the Investor may reasonably request and registered in such names as the Investor may request.

i. The Company shall at all times provide a transfer agent and registrar with respect to its Common Stock.

j. If reasonably requested by the Investor, the Company shall (i) immediately incorporate in a prospectus supplement or post-effective amendment such information as the Investor believes should be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities; (ii) make all required filings of such prospectus supplement or post-effective amendment as soon as notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any registration statement.

k. The Company shall use its reasonable best efforts to cause the Registrable Securities covered by any registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to consummate the disposition of such Registrable Securities.

l. Within one (1) Business Day after any registration statement which includes the Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investor) confirmation that such registration statement has been declared effective by the SEC in the form attached hereto as Exhibit A. Thereafter, if requested by the Buyer at any time, the Company shall require its counsel to deliver to the Buyer a written confirmation whether or not the effectiveness of such registration statement has lapsed at any time for any reason (including, without limitation, the issuance of a stop order) and whether or not the registration statement is current and available to the Buyer for sale of all of the Registrable Securities.

m. The Company shall take all other reasonable actions necessary to expedite and facilitate disposition by the Investor of Registrable Securities pursuant to any registration statement.

#### 4. OBLIGATIONS OF THE INVESTOR.

a. The Company shall notify the Investor in writing of the information the Company reasonably requires from the Investor in connection with any registration statement hereunder. The Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

b. The Investor agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any registration statement hereunder.

c. The Investor agrees that, upon receipt of any notice from the Company of the happening of any event or existence of facts of the kind described in Section 3(f) or the first sentence of 3(e), the Investor will immediately discontinue disposition of Registrable Securities pursuant to any registration statement(s) covering such Registrable Securities until the Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(f) or the first sentence of 3(e). Notwithstanding anything to the contrary, the Company shall cause its transfer agent to promptly deliver shares of Common Stock without any restrictive legend in accordance with the terms of the Purchase Agreement in connection with any sale of Registrable Securities with respect to which an Investor has entered into a contract for sale prior to the Investor's receipt of a notice from the Company of the happening of any event of the kind described in Section 3(f) or the first sentence of 3(e) and for which the Investor has not yet settled.

## 5. EXPENSES OF REGISTRATION.

All reasonable expenses, other than sales or brokerage commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, and fees and disbursements of counsel for the Company, shall be paid by the Company.

## 6. INDEMNIFICATION.

a. To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend the Investor, each Person, if any, who controls the Investor, the members, the directors, officers, partners, employees, agents, representatives of the Investor and each Person, if any, who controls the Investor within the meaning of the 1933 Act or the Securities Exchange Act of 1934, as amended (the "**1934 Act**") (each, an "**Indemnified Person**"), against any losses, claims, damages, liabilities, judgments, fines, penalties, charges, costs, attorneys' fees, amounts paid in settlement or expenses, joint or several, (collectively, "**Claims**") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in the Registration Statement, any New Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to the Registration Statement or any New Registration Statement or (iv) any material violation by the Company of this Agreement (the matters in the foregoing clauses (i) through (iv) being, collectively, "**Violations**"). The Company shall reimburse each Indemnified Person promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person expressly for use in connection with the preparation of the Registration Statement, any New Registration Statement or prospectus or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(c) or Section 3(e); (ii) with respect to any superceded prospectus, shall not inure to the benefit of any such person from whom the person asserting any such Claim purchased the Registrable Securities that are the subject thereof (or to the benefit of any person controlling such person) if the untrue statement or omission of material fact contained in the superceded prospectus was corrected in the revised prospectus, as then amended or supplemented, if such revised prospectus was timely made available by the Company pursuant to Section 3(c) or Section 3(e), and the Indemnified Person was promptly advised in writing not to use the incorrect prospectus prior to the use giving rise to a violation and such Indemnified Person, notwithstanding such advice, used it; (iii) shall not be available to the extent such Claim is based on a failure of the Investor to deliver or to cause to be delivered the prospectus made available by the Company, if such prospectus was timely made available by the Company pursuant to Section 3(c) or Section 3(e); and (iv) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Investor pursuant to Section 9.



b. In connection with the Registration Statement or any New Registration Statement, the Investor agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement or any New Registration Statement, each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (collectively and together with an Indemnified Person, an "**Indemnified Party**"), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information about the Investor set forth on Exhibit B attached hereto and furnished to the Company by the Investor expressly for use in connection with such registration statement; and, subject to Section 6(d), the Investor shall promptly reimburse any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Investor, which consent shall not be unreasonably withheld; provided, further, however, that the Investor shall be liable under this Section 6(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to the Investor as a result of the sale of Registrable Securities pursuant to such registration statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Investor pursuant to Section 9.

c. Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. The Indemnified Party or Indemnified Person shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such action or claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action or claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its written consent, provided, however, that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the consent of the Indemnified Party or Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person of a release from all liability in respect to such claim or litigation. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action.

d. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

e. The indemnity agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

#### 7. CONTRIBUTION.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that: (i) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

#### 8. REPORTS AND DISCLOSURE UNDER THE SECURITIES ACTS.

With a view to making available to the Investor the benefits of Rule 144 promulgated under the 1933 Act or any other similar rule or regulation of the SEC that may at any time permit the Investor to sell securities of the Company to the public without registration ("**Rule 144**"), the Company agrees, at the Company's sole expense, to:

a. make and keep public information available, as those terms are understood and defined in Rule 144;

b. file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

c. furnish to the Investor so long as the Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting and or disclosure provisions of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Investor to sell such securities pursuant to Rule 144 without registration.

d. take such additional action as is requested by the Investor to enable the Investor to sell the Registrable Securities pursuant to Rule 144, including, without limitation, delivering all such legal opinions, consents, certificates, resolutions and instructions to the Company's Transfer Agent as may be requested from time to time by the Investor and otherwise fully cooperate with Investor and Investor's broker to effect such sale of securities pursuant to Rule 144.

The Company agrees that damages may be an inadequate remedy for any breach of the terms and provisions of this Section 8 and that Investor shall, whether or not it is pursuing any remedies at law, be entitled to equitable relief in the form of a preliminary or permanent injunctions, without having to post any bond or other security, upon any breach or threatened breach of any such terms or provisions.

#### 9. ASSIGNMENT OF REGISTRATION RIGHTS.

The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Investor, including by merger or consolidation. The Investor may not assign its rights under this Agreement without the written consent of the Company, other than to an affiliate of the Investor controlled by Steven G. Martin or Joshua B. Scheinfeld.

#### 10. AMENDMENT OF REGISTRATION RIGHTS.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Investor.

#### 11. MISCELLANEOUS.

a. A Person is deemed to be a holder of Registrable Securities whenever such Person owns or is deemed to own of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

b. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one (1) Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

NeoGenomics, Inc.  
12701 Commonwealth Drive, Suite 9  
Fort Myers, FL 33913  
Telephone: 239-768-0600  
Facsimile: 239-768-1672  
Attention: Chief Financial Officer

With a copy to:

K&L Gates LLP  
Wachovia Financial Center  
200 South Biscayne Boulevard, Suite 3900  
Miami, Florida 33131  
Telephone: 305-539-3300  
Facsimile: 305-358-7095  
Attention: Clayton E. Parker, Esq.

If to the Investor:

Fusion Capital Fund II, LLC  
222 Merchandise Mart Plaza, Suite 9-112  
Chicago, IL 60654  
Telephone: 312-644-6644  
Facsimile: 312-644-6244  
Attention: Steven G. Martin

or at such other address and/or facsimile number and/or to the attention of such other person as the recipient party has specified by written notice given to each other party three (3) Business Days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally recognized overnight delivery service, shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

c. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

d. The corporate laws of the State of Nevada shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Illinois or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Illinois. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting the City of Chicago, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

e. This Agreement, and the Purchase Agreement constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement and the Purchase Agreement supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

f. Subject to the requirements of Section 9, this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto.

g. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

h. This Agreement may be executed in identical counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

i. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

j. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party.

k. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be duly executed as of day and year first above written.

**THE COMPANY:**

**NEOGENOMICS, INC.**

By: /s/ Robert P. Gasparini

Name: Robert P. Gasparini

Title: President

**BUYER:**

**FUSION CAPITAL FUND II, LLC**

**BY: FUSION CAPITAL PARTNERS, LLC**

**BY: ROCKLEDGE CAPITAL CORPORATION**

By: /s/ Joshua B. Scheinfeld

Name: Joshua B. Scheinfeld

Title: President

EXHIBIT A

TO REGISTRATION RIGHTS AGREEMENT

FORM OF NOTICE OF EFFECTIVENESS  
OF REGISTRATION STATEMENT

[Date]

[TRANSFER AGENT]

\_\_\_\_\_

Re: [\_\_\_\_\_]

Ladies and Gentlemen:

We are counsel to **NEOGENOMICS, INC.**, a Nevada corporation (the "**Company**"), and have represented the Company in connection with that certain Common Stock Purchase Agreement, dated as of \_\_\_\_\_, 2008 (the "**Purchase Agreement**"), entered into by and between the Company and Fusion Capital Fund II, LLC (the "**Buyer**") pursuant to which the Company has agreed to issue to the Buyer shares of the Company's Common Stock, par value \$0.001 per share (the "**Common Stock**"), in an amount up to Eight Million Dollars (\$8,000,000) (the "**Purchase Shares**"), in accordance with the terms of the Purchase Agreement. In connection with the transactions contemplated by the Purchase Agreement, the Company has registered with the U.S. Securities & Exchange Commission the following shares of Common Stock:

- (1) \_\_\_\_\_ shares of Common Stock to be issued upon purchase from the Company by the Buyer from time to time (the "**Purchase Shares**").
- (2) 400,000 shares of Common Stock which have been issued to the Buyer as a commitment fee (the "**Commitment Shares**").
- (3) 17,500 additional shares of Common Stock which have been issued by the Company to the Buyer as an expense reimbursement (the "**Signing Shares**").

Pursuant to the Purchase Agreement, the Company also has entered into a Registration Rights Agreement, dated as of \_\_\_\_\_, 2008, with the Buyer (the "**Registration Rights Agreement**") pursuant to which the Company agreed, among other things, to register the Purchase Shares, Signing Shares, and the Commitment Shares under the Securities Act of 1933, as amended (the "**1933 Act**"). In connection with the Company's obligations under the Purchase Agreement and the Registration Rights Agreement, on \_\_\_\_\_, 200\_, the Company filed a Registration Statement (File No. 333-\_\_\_\_\_) (the "**Registration Statement**") with the Securities and Exchange Commission (the "**SEC**") relating to the sale of the Purchase Shares, Signing Shares and the Commitment Shares.

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In connection with the foregoing, we advise you that a member of the SEC's staff has advised us by telephone that the SEC has entered an order declaring the Registration Statement effective under the 1933 Act at \_\_\_\_\_ P.M. on \_\_\_\_\_, 200\_ and we have no knowledge, after telephonic inquiry of a member of the SEC's staff, that any stop order suspending its effectiveness has been issued or that any proceedings for that purpose are pending before, or threatened by, the SEC and the Purchase Shares, Signing Shares and the Commitment Shares are available for sale under the 1933 Act pursuant to the Registration Statement and may be issued without any restrictive legend.

Very truly yours,  
[Company Counsel]

By: \_\_\_\_\_

CC: Fusion Capital Fund II, LLC

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**EXHIBIT B**

**TO REGISTRATION RIGHTS AGREEMENT**

**Information About The Investor Furnished To The Company By The Investor  
Expressly For Use In Connection With The Registration Statement**

As of the date of the Purchase Agreement, Fusion Capital beneficially owned 17,500 shares of common stock of the Company. Steven G. Martin and Joshua B. Scheinfeld, the principals of Fusion Capital, are deemed to be beneficial owners of all of the shares of common stock owned by Fusion Capital. Messrs. Martin and Scheinfeld have shared voting and investment power over the shares being offered under the prospectus filed with the SEC in connection with the transactions contemplated under the Purchase Agreement. Fusion Capital is not a licensed broker dealer or an affiliate of a licensed broker dealer.

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## MASTER LEASE AGREEMENT

This Master Lease Agreement (the "Lease") is made the 5<sup>th</sup> day of November, 2008 between Leasing Technologies International, Inc., with its principal office at 221 Danbury Road, Wilton, CT 06897 (the "Lessor"), and NeoGenomics, Inc., a Florida Corporation, with its principal office at 12701 Commonwealth Drive, Suite 9, Fort Myers, FL 33913 (the "Lessee"). The parties hereto agree as follows:

1. **Lease:**

This Lease establishes the general terms and conditions by which Lessor may lease to Lessee the Equipment (the "Equipment") listed on each Equipment Schedule executed periodically pursuant to this Lease. Each such Equipment Schedule shall incorporate by reference the terms of this Lease, and shall be a separate lease agreement as to the Equipment listed thereon for all purposes, including default. In the event of any conflict between the terms and conditions of this Lease and the terms and conditions of any Equipment Schedule(s) or Rider(s) thereto, the terms and conditions of such Equipment Schedule(s) or Rider(s) shall prevail.

2. **Definitions:**

(a) The "Installation Date" means the date determined in accordance with the applicable Equipment Schedule.

(b) Intentionally omitted.

(c) The "Daily Rental" means 1/30th of the amount set forth as the monthly rental in the applicable Equipment Schedule.

3. **Term of Lease:**

The term of this Lease, as to all Equipment designated on any Equipment Schedule, shall commence on the Installation Date for such Equipment, and shall continue for an initial period ending that number of months as is specified on the applicable Equipment Schedule from the Installation Date for the last item of Equipment to be installed (the "Initial Term"). The term of this Lease for all such Equipment shall be automatically extended for successive monthly periods until terminated in accordance with this Lease. Any termination shall be effective only on the last day of the Initial Term or the last day of any such successive period.

4. **Rental:**

The monthly rental payable hereunder is as set forth in the Equipment Schedule(s). Rental shall begin to accrue on the Installation Date for each item of Equipment and shall be due and payable by Lessee in advance on the first day of each month. Lessor or its Assignees shall, at its option, have the right to automatically transfer funds from Lessee's bank account to pay the Monthly Rental and any other amounts due hereunder on the date such amounts become due. Lessee shall, at Lessor's request, execute such document as Lessor, or Lessee's bank, may reasonably request in order to implement such transfer. In addition to the monthly rental set forth in the Equipment Schedule(s), Lessee shall pay to Lessor an amount equal to all taxes paid, payable or required to be collected by Lessor, however designated, which are levied or based on the rental, on the Lease or on the Equipment or on its purchase for lease hereunder, or on its use, lease, operation, control or value (including, without limitation, state and local privilege or excise taxes based on gross revenue), any penalties or interest in connection therewith which are attributable to Lessee's negligence or taxes or amounts in lieu thereof paid or payable by Lessor in respect of the foregoing, but excluding taxes based on Lessor's net income. Personal property taxes assessed on the Equipment during the term hereof shall be paid by Lessee. Lessee agrees that Lessor, or Lessor's agent may file all required property tax returns and reports and pay all taxes thereon pertaining to the Equipment. In such event, Lessee shall reimburse Lessor or Lessor's agent for all costs and expenses incurred in connection therewith. If requested by Lessor, Lessee agrees to file, on behalf of Lessor, all required property tax returns and reports concerning the Equipment with all appropriate governmental agencies, and, within not more than thirty (30) days after the due date of such filing to send Lessor confirmation of such filing.

Interest on any past due payments, including but not limited to administrative charges and any other charges or fees arising out of or related to this Lease, shall accrue at the rate of 1 1/2% per month, or if such rate shall exceed the maximum rate allowed by law, then at such maximum rate, and shall be payable on demand. Charges for taxes, penalties and interest shall be promptly paid by Lessee when invoiced by Lessor.

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**5. Installation, Use and Quiet Possession of Equipment:**

(a) Lessee, at its own expense, will provide the required suitable electric current to operate the Equipment and appropriate installation facilities as specified by the manufacturer.

(b) Any equipment, cards, disks, tapes or other items not specified in the Equipment Schedule(s) which are used on or in connection with the Equipment must meet the specifications of the manufacturer and shall be acquired by Lessee at its own expense.

(c) Lessee shall use the Equipment solely in connection with Lessee's business and for no other purpose. Subject to the preceding sentence, Lessee shall be entitled to unlimited usage of the Equipment without extra charge by Lessor.

(d) Unless otherwise set forth in the applicable Equipment Schedule, Lessee will at all times keep the Equipment in its sole possession and control. The Equipment shall not be moved from the location stated in the applicable Equipment Schedule without the prior written consent of Lessor.

(e) After prior notice to Lessor, Lessee may, at its own expense, make alterations in or add attachments to the Equipment, provided such alterations or attachments do not interfere with the normal and satisfactory operation or maintenance of the Equipment or with Lessee's ability to obtain and maintain any maintenance contracts that may be applicable pursuant to Section 5(h) hereof. The manufacturer or other organization selected by Lessee and approved in writing by Lessor to maintain the Equipment ("Maintenance Organization") may incorporate engineering changes or make temporary alterations to the Equipment upon request of Lessee. All such alterations and attachments shall be and become the property of Lessor or, at the option of Lessee, shall be removed by Lessee and the Equipment restored, at Lessee's expense, to its original condition as of the Installation Date thereof, reasonable wear and tear only excepted, and upon the removal and restoration, the alteration and/or attachment which was made by Lessee shall become the property of Lessee.

(f) So long as Lessee is not in default hereunder, neither Lessor nor any party claiming through or under Lessor shall interfere with Lessee's use or possession of any Equipment during the term of this Lease.

(g) Lessee shall, during the term of this Lease, at its expense, keep the Equipment in good working order and condition and make all necessary adjustments, repairs and replacements and shall not use or permit the Equipment to be used in any manner or for any purpose for which, in the opinion of the manufacturer, the Equipment is not designed or reasonably suitable.

(h) If mutually agreed to by Lessor and Lessee and specified in the applicable Equipment Schedule, Lessee shall, during the term of such Equipment Schedule, at its own expense, enter into and maintain in force a contract with the manufacturer or the Maintenance Organization covering at least prime shift maintenance of each item of Equipment. Such contract shall commence upon expiration of the manufacturer's warranty period, if any, relating to such item. If applicable, Lessee shall furnish Lessor with a copy of such contract(s).

(i) At the termination of the applicable Equipment Schedule, Lessee at its expense shall return, if permitted by the applicable Equipment Schedule, not less than all the Equipment subject thereto to Lessor (at the location designated by Lessor within the Continental United States) in the same operating order, repair, condition and appearance as on the Installation Date, reasonable wear and tear only excepted, with all engineering and safety changes prescribed by the manufacturer or Maintenance Organization incorporated therein. Lessee shall, prior to such termination, arrange and pay for any repairs, changes and manufacturer's certifications as are necessary to restore such equipment to reasonable working order. Lessee shall return all accessories supplied with the Equipment, including but not limited to all manuals, cables and software diskettes. Lessee shall promptly pay, after receipt of an invoice therefore, all costs and expenses pertaining to the replacement of any missing items and for the repair of any Equipment, together with any audit, inspection or certification charges reasonably incurred by Lessor.

**6. Leasehold Rights and Inspection:**

(a) Lessee shall have no interest in the Equipment other than the rights acquired as a lessee hereunder and the Equipment shall remain personalty regardless of the manner in which it may be installed or attached. Lessee shall, at Lessor's request, affix to the Equipment, tags, decals or plates furnished by Lessor, indicating Lessor's ownership and Lessee shall not permit their removal or concealment. Lessee shall replace any such tag, decal or plate, which may be removed or destroyed or become illegible. Lessee shall keep all Equipment free from any marking or labeling which might be interpreted as a claim of ownership thereof by Lessee or any party other than Lessor or anyone claiming through Lessor.

(b) Lessee shall keep the Equipment free and clear of all liens and encumbrances except liens or encumbrances arising through the actions or omissions of Lessor. LESSEE SHALL NOT ASSIGN OR OTHERWISE ENCUMBER THIS LEASE OR ANY OF ITS RIGHTS HEREUNDER OR SUBLEASE THE EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR.

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(c) Lessor or its agents shall have free access to the Equipment at all reasonable times for the purpose of inspection and for any other purpose contemplated by this Lease upon five (5) business days written notice, except that only two (2) days notice shall be required if Lessee is in default of its obligations under this Lease.

(d) Lessee shall immediately notify Lessor of all details concerning any damage to, or loss of, the Equipment arising out of any event or occurrence whatsoever, including but not limited to, the alleged or apparent improper manufacture, functioning or operation of the Equipment.

**7. No Warranties By Lessor:**

Lessee represents that, at the Installation Date thereof, it shall have (a) thoroughly inspected the Equipment; (b) determined for itself that all items of Equipment are of a size, design, capacity and manufacture selected by it; and (c) satisfied itself that the Equipment is suitable for Lessee's purposes. LESSOR SUPPLIES THE EQUIPMENT AS IS AND NOT BEING THE MANUFACTURER OF THE EQUIPMENT, THE MANUFACTURER'S AGENT OR THE SELLER'S AGENT, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED AS TO THE EQUIPMENT'S MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN, CONDITION, QUALITY, CAPACITY, MATERIAL OR WORKMANSHIP OR AS TO PATENT INFRINGEMENT OR THE LIKE, it being agreed that all such risks, as between Lessor and Lessee, are to be borne by Lessee. Lessee agrees to look solely to the manufacturer or to suppliers of the Equipment for any and all warranty claims and any and all warranties made by the manufacturer or the supplier of Lessor are, to the extent to which the same may be assignable, hereby assigned to Lessee for the term of the applicable Equipment Schedule. Lessee agrees that Lessor shall not be responsible for the delivery, installation, maintenance, operation or service of the Equipment or for delay or inadequacy of any or all of the foregoing. Lessor shall not be responsible for any direct or consequential loss or damage resulting from the installation, operation or use of the Equipment or otherwise. Lessee will defend, indemnify and hold Lessor harmless against any and all claims, demands and liabilities arising out of or in connection with the design, manufacture, possession or operation of the Equipment. To the extent permitted by applicable law, Lessee waives any and all rights and remedies conferred upon a Lessee by Article 2A of the UCC and any rights now or hereinafter conferred by statute or otherwise that may limit or modify Lessor's rights as described in this Section or other provisions of this Lease Agreement.

**8. Risk of Loss on Lessee:**

(a) Beginning on the Installation Date thereof and continuing until the Equipment is either returned to Lessor or purchased by Lessee as provided in this Lease, Lessee relieves Lessor of responsibility for all risks of physical damage to or loss or destruction of the Equipment, howsoever caused. During the term of this Lease as to any Equipment Schedule, Lessee shall, at its own expense, keep in effect "all risk" property insurance and public liability insurance policies covering the Equipment designated in each Equipment Schedule. The public liability insurance policy shall be in such amount as is reasonably acceptable to Lessor. The "all risk" property insurance policy shall be for an amount not less than the replacement cost of the Equipment. Lessor, its successors and assigns and/or such other party as may be designated by any thereof to Lessee, in writing, shall be named as additional insureds and loss payees on such policies, which shall be written by an insurance company of recognized responsibility which is reasonably acceptable to Lessor. Evidence of such insurance coverage shall be furnished to Lessor no later than the Installation Date set forth in the Equipment Schedule(s) and, from time to time, thereafter as Lessor may request. Such policies shall provide that no less than ten days written notice shall be given Lessor and any other party named as loss payee prior to cancellation of such policies for any reason. To the extent of Lessor's interest therein, Lessee hereby irrevocably appoints Lessor or any other party named as loss payee as Lessee's attorney-in-fact coupled with an interest to make claim for, receive payment of, and execute any and all documents that may be required to be provided to the insurance carrier in substantiation of any such claim for loss or damage under said insurance policies, and to endorse Lessee's name to any and all drafts or checks in payment of the loss proceeds.

(b) If any item of Equipment is rendered unusable as a result of any physical damage to, or destruction of, the Equipment, Lessee shall give to Lessor immediate notice thereof and this Lease shall continue in full force and effect without any abatement of rental. Lessee shall determine, within thirty (30) days after the date of occurrence of such damage or destruction, whether such item of Equipment can be repaired. In the event Lessee determines that the item of Equipment cannot be repaired, Lessee shall either, at its expense, promptly replace such item of Equipment and convey title to such replacement to Lessor free and clear of all liens and encumbrances, and this Lease shall continue in full force and effect as though such damage or destruction had not occurred, or pay Lessor therefor in cash the Stipulated Loss Value (defined below) within forty-five (45) days of such loss or damage. "Stipulated Loss Value," as used herein, shall be an amount as shown on Exhibit A to the applicable Equipment Schedule. In the event Lessee determines that such item of Equipment can be repaired, Lessee shall cause such item of Equipment to be promptly repaired. All proceeds of insurance received by Lessor, the designated loss payee, or Lessee under the policy referred to in the preceding paragraph of this Section shall be applied toward the cost of any such repair or replacement.

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**9. Events of Default and Remedies:**

The occurrence of any one of the following shall constitute an Event of Default hereunder:

(a) Lessee fails to pay an installment of rent on or before the date when the same becomes due and payable and such failure continues for a period of ten (10) days;

(b) Lessee attempts to remove, sell, transfer, encumber, sublet or part with possession of the Equipment or any items thereof, except as expressly permitted herein;

(c) Lessee shall fail to observe or perform any of the other obligations required to be observed or performed by Lessee hereunder and such failure shall continue uncured for thirty (30) days after written notice thereof to Lessee by Lessor or the then assignee hereof;

(d) Lessee ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition of bankruptcy, is adjudicated a bankrupt or an insolvent, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of the petition filed against it in any such proceeding, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation;

(e) Within thirty (30) days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within thirty (30) days after the appointment without Lessee's consent or acquiescence of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated;

(f) Lessee defaults in the payment of any monetary obligation in excess of \$25,000 with respect to a loan agreement or other indebtedness involving a total outstanding obligation in excess of \$1,000,000 at the time of such default, and such default is not waived within fifteen days of the occurrence thereof, or within fifteen days after the application of any applicable grace or cure period, whichever is longer;

(g) Intentionally deleted.

(h) Lessee sells all or substantially all of its assets or consolidates with or merges into any other entity.

Upon the occurrence of an Event of Default, Lessor may at its option do any one or more of the following: (i) by notice to Lessee terminate this Lease as to any or all Equipment Schedules; (ii) whether or not this Lease is terminated as to any or all Equipment Schedules, take possession on not less than five (5) days' written notice of any or all of the Equipment listed on any or all Equipment Schedules, wherever situated, and for such purpose, enter upon any premises without liability for so doing or Lessor may cause Lessee and Lessee hereby agrees, to return said Equipment to Lessor as provided in this Lease; (iii) recover from Lessee, as liquidated damages for loss of a bargain and not as a penalty, all past due amounts as well as an amount equal to the present value of all monies to be paid by Lessee during the remaining Initial Term or any successive period then in effect, calculated by discounting at the rate of nine percent (10%) per annum compounded monthly, which payment shall become immediately due and payable; and (iv) sell, dispose of, hold, use or lease any Equipment as Lessor in its sole discretion may determine (and Lessor shall not be obligated to give preference to the sale, lease or other disposition of the Equipment over the sale, lease or other disposition of similar equipment owned or leased by Lessor).

In the event that Lessee shall have first paid to Lessor or its assigns the liquidated damages referred to in (iii) above, Lessee shall (except if Lessee has defaulted under Section 9 (e) or 9 (f) in which case Lessee's rights shall be determined by applicable bankruptcy law) be entitled to purchase, for a period of thirty (30) days after any such payment is made, all of the equipment to which the liquidated damages payment applies at the fair market value of the equipment; provided, however, that such fair market value shall not exceed any limitation specified in the relevant Equipment Schedule. In the event that Lessee elects not to purchase any of the equipment to which the liquidated damages payment applies, Lessee shall thereafter be entitled to receive all rentals or proceeds received from any reletting or sale of the Equipment during the balance of the Initial Term (after deduction of Lessor's expected residual value of the Equipment at the expiration of the Initial Term or any extension thereof, which shall not be in excess of the limitations on the calculation of fair market value in any such Equipment Schedule covering the equipment in question, and of all expenses incurred in connection therewith) said amount never to exceed the amount of the liquidated damages paid by Lessee. Lessee agrees that Lessor shall have no obligation to sell the Equipment. Lessee shall in any event remain fully liable for reasonable damages as provided by law and for all costs and expenses incurred by Lessor or its assigns on account of such default including but not limited to all court costs and reasonable attorney's fees. Lessee hereby agrees that, in any event, it will be liable for any deficiency after any lease or other disposition of the Equipment. The rights afforded Lessor hereunder shall not be deemed to be exclusive, but shall be in addition to any rights or remedies provided by law.

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**10. Net Lease:**

Except as otherwise specifically provided in this Lease, it is understood and agreed that this is a net lease, and that, as between Lessor and Lessee, Lessee shall be responsible for all costs and expenses of every nature whatsoever arising out of or in connection with or related to this Lease or the Equipment (including, but not limited to, equipment inspection, tagging, transportation in and out, rigging, manufacturer's approved packing, installation, certification costs and disconnect charges). Lessee hereby agrees that in the event that Lessee fails to pay or perform any obligation under this Lease, Lessor may, at its option, pay or perform said obligation and any payment made or expense incurred by Lessor in connection therewith shall become additional rent, which shall be due and payable by Lessee upon demand. Lessee acknowledges that Lessor may, from time to time, and at Lessee's request, execute and deliver purchase orders pertaining to the purchase of equipment to be leased pursuant to this Lease. Lessee agrees that it will indemnify and hold Lessor harmless from and against any and all loss, cost, liability and expense that Lessor may incur as a result of the execution and delivery of such purchase orders.

**11. Assignment:**

Lessee agrees that Lessor may transfer or assign all or any part of Lessor's right, title, and interest in, under or to the Equipment and this Lease and any or all sums due or to become due pursuant to any of the above, to any third party (the "Assignee") for any reason and that the Assignee may so re-assign and transfer. In the event of any such assignment of this Lease, Lessor agrees to promptly notify Lessee in writing of such assignment and provide appropriate contact information of such assignee within ten (10) days of the date of any such assignment. Lessee agrees that upon receipt of written notice from Lessor or Assignee of such assignment, Lessee shall perform all of its obligations hereunder for the benefit of Assignee and any successor assignee and, if so directed, shall pay all sums due or to become due thereunder directly to the Assignee or to any other party designated by the Assignee. Notwithstanding the foregoing, Lessor and any assignee hereunder acknowledge and agree that any failure by Lessor or any assignees under this Lease to promptly notify Lessee of any further assignments hereunder which have the result of delays in any payments or other obligations under this Lease shall not be deemed to be an Event of Default nor will any late fees be imposed until after any applicable cure periods have run from the date Lessee receives written notification of such assignment. Lessee hereby covenants, represents and warrants as follows and agrees that the Assignee and any successor assignee shall be entitled to rely on and shall be considered a third party beneficiary of the following covenants, representations and warranties: (i) Lessee's obligations hereunder are absolute and unconditional and are not subject to any abatement, reduction, recoupment, defense, offset or counterclaim available to Lessee for any reason whatsoever including operation of law, defect in the Equipment, failure of Lessor or Assignee to perform any of its obligations hereunder or for any other cause or reason whatsoever, whether similar or dissimilar to the foregoing; (ii) Lessee shall not look to Assignee or any successor assignee to perform any of Lessor's obligations hereunder; (iii) Lessee will not amend or modify this Lease without the prior written consent of the Assignee and any successor assignee; and (iv) Lessee will send a copy to Assignee and any successor assignee of each notice which Lessee sends to Lessor.

**12. Representations and Warranties of Lessee and Lessor:**

Lessee represents and warrants to Lessor and its assigns, as follows:

1. The execution, delivery and performance of this Lease has been duly authorized and, upon execution by Lessor and Lessee, will constitute a valid obligation binding upon and enforceable against Lessee in accordance with its terms, subject to laws governing creditors' rights;

2. The performance by Lessee will not result in any breach, default or violation of, Lessee's certificate of incorporation or by-laws or any agreement to which Lessee is a party;

3. Lessee is in good standing in its jurisdiction of incorporation and in any jurisdiction in which any of the Equipment is to be located; and

4. Any and all financial statements or other information with respect to Lessee heretofore furnished by Lessee to Lessor was, when furnished, and remains at the time of execution of this Lease, true and complete.

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Lessor represents and warrants to Lessee as follows:

1. The execution, delivery and performance of this Lease has been duly authorized and, upon execution by Lessor and Lessee, will constitute a valid obligation binding upon and enforceable against Lessor in accordance with its terms, subject to laws governing creditors' rights; and

2. The performance by Lessor will not result in any breach, default or violation of, Lessor's certificate of incorporation or by-laws or any agreement to which Lessor is a party;

The foregoing representations and warranties shall survive the expiration or termination of this Lease.

**13. End of Lease:**

For each Equipment Schedule, Lessor agrees that it will provide written notice to Lessee at least one hundred and twenty (120) days prior to the end of such Equipment Schedule which notifies Lessee of the upcoming end of such Equipment Schedule and requests that Lessee select one of the end of lease options in accordance with the alternatives set forth on such Equipment Schedule. Provided (i) no Event of Default has occurred and is continuing and (ii) Lessee has made all payments in accordance with the Lease, upon written notice furnished by Lessee to Lessor no later than thirty (30) days after Lessor has provided written notice of the upcoming contractual end of an Equipment Schedule, Lessee shall, with respect to each Equipment Schedule elect only such alternatives as may be set forth on the Equipment Schedule. Notwithstanding the foregoing, if Lessee for any reason fails to notify the Lessor of its end of lease selection for any given Equipment Schedule (including as a result of Lessor's failure to provide written notice as set forth in the first sentence of this Section 13), then the parties agree that Lessee shall have been automatically deemed to have selected end of lease option (c) with respect to such Equipment Schedule to extend the Initial Term for an additional six months at a Monthly Rental equal to 35% of the Monthly Rental paid by Lessee during the Initial Term. Notwithstanding the foregoing, if the Lessor fails to provide written notice as set forth in the first sentence of this Section 13 and the end of lease election automatically defaults to option (c), then the Lessee shall have the option select another end of lease alternative if it so chooses for a period of thirty (30) days from the date on which Lessee is first notified by Lessor that the Monthly Rental has been reset to a rate of 35% of the Monthly Rental paid by Lessee during the Initial Term.

To the extent that any of such alternatives involves a determination of Fair Market Value, the Fair Market Value shall be defined and determined by the provisions of this Section. For purposes hereof, Fair Market Value shall mean the amount that would obtain in a retail arm's length transaction between an informed and willing lessee-buyer in possession and an informed and willing lessor-seller. Rental charges previously paid pursuant to the applicable Equipment Schedule shall have no effect on the determination of Fair Market Value. Unless otherwise stated in the Equipment Schedule: the Fair Market Value for items set forth on the Equipment Schedule which do not have a readily ascertainable market value, (including but not limited to software, cabling and certain equipment) shall be determined by multiplying the Lessor's acquisition cost of such items by a fraction, the numerator of which shall be the Fair Market Value of the other items and the denominator of which shall be the Lessor's acquisition cost of such other items; and the determination of Fair Market Value shall be based upon the assumption that all items set forth on the Equipment Schedule or included with the Equipment may be transferred to, and used by, a third party user. In such determination, all alternative uses in the hands of each buyer or lessee, including, without limitation, the further leasing of the Equipment shall be taken into account in making such determination.

If, on or before a date which is sixty (60) days prior to the expiration of the Initial Term, Lessor and Lessee are unable to agree upon a determination of the Fair Market Value of the Equipment, the Fair Market Value (to be determined in accordance with the definition set forth in this Section) shall, upon written request by Lessee therefor, be conclusively established not less than thirty (30) days prior to the expiration of the Initial Term by an independent appraiser selected by Lessor. Lessor shall notify Lessee of the name and address of said appraiser. The costs of such appraiser shall be paid by Lessee within ten (10) days after receipt of an invoice therefor. The Lease, including the obligation to pay monthly rentals, shall remain in effect pending the determination of Fair Market Value; provided, however, beginning on the day after the expiration of the Initial Term of any given Equipment Schedule, the monthly rental for such Equipment Schedule will be reduced to 35% of the Monthly Rental amount paid by Lessee during the Initial Term pursuant to the automatic election of the Lessor described in the first paragraph of this Section 13.

**14. Miscellaneous:**

(a) During the term of this Lease, Lessee hereby agrees to deliver to Lessor or Assignee and any successor assignee a copy of Lessee's quarterly unaudited financial statements, and the annual financial budget for the upcoming year as soon as available and as it may be adjusted during the year. Lessee shall also furnish, as soon as available and in any event within one hundred five (105) days after the last day of Lessee's fiscal year, a copy of Lessee's annual audited statements and consolidating and consolidated balance sheet, if any, as of the end of such fiscal year, accompanied by the opinion of an independent certified public accounting firm of recognized standing. Notwithstanding the foregoing, Lessor agrees that if such quarterly or annual financial information is available on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) as part of the Edgar database, then such access shall be deemed to be compliance with the requirements of this paragraph. The Lessee shall furnish such other financial information as may be reasonably requested by Lessor, including but not limited to any material changes in budgets or financial reports furnished to the Lessee's Board of Directors or Shareholders.

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(b) This Lease constitutes the entire agreement between Lessee and Lessor with respect to the Equipment, and except as agreed upon in writing no covenant, condition or other term or provision hereof may be waived or modified orally.

(c) All notices hereunder shall be in writing and shall be delivered in person or sent by registered or certified mail, postage prepaid, or by facsimile transmission (confirmed by registered mail as set forth in this section) to the address of the other party as set forth herein or to such other address as such party shall have designated by proper notice. Lessee shall notify Lessor of any change of address upon at least thirty (30) days prior written notice.

(d) This Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and assigns (including any subsequent assignee of Assignee).

(e) If any term or provision of this Lease or the application thereof to any person is, to any extent, invalid or unenforceable, the remainder of this Lease, or the application of such provision to the person other than those to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

(f) No waiver of any of the terms and conditions hereof shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The subsequent acceptance of rental payments hereunder by Lessor shall not be deemed a waiver of any prior existing breach by Lessee regardless of Lessor's knowledge of such prior existing breach at the time of acceptance of such rental payments. Where permitted by law, Lessee authorizes any attorney of record, Clerk of Court or Prothonotary of any state to appear for and confess judgment (a) against Lessee for all amounts as to which Lessee is in default under this Agreement and (b) against Lessee in any action for writ of replevin or possession of the Equipment. No bond shall be required.

(g) Lessor is hereby authorized by Lessee to cause this Lease or other instruments, including Uniform Commercial Code Financing Statements to be filed or recorded for the purpose of showing Lessor's interest in the Equipment and Lessee agrees that Lessor may execute such instruments for and on behalf of Lessee. All filing fees reasonably incurred by Lessor in connection therewith and filing fees incurred by Lessor's assignees in perfecting security interests shall be paid by Lessee or reimbursed to Lessor by Lessee.

(h) No consent or approval provided for herein shall be binding upon Lessor unless signed on its behalf by an officer of Lessor. THIS LEASE AND EACH EQUIPMENT SCHEDULE SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF CONNECTICUT AND SHALL BE GOVERNED IN ALL RESPECTS BY THE LAWS OF SUCH STATE. The Lessee accepts for itself the non-exclusive jurisdiction of any Federal or State court of competent jurisdiction in the State of Connecticut in any action, suit or proceeding of any kind against it which arises out of or by reason of this Lease or any Equipment Schedule.

(i) Lessee acknowledges that the late payment by Lessee to Lessor of monthly rental and other sums due hereunder will cause Lessor harm and to incur costs not contemplated by this Lease, the precise amount and severity of which will be difficult to ascertain. Such costs include, but are not limited to, administrative, accounting and legal charges which Lessor may incur due to such late payment. Accordingly, if any monthly rent or any other sum due from Lessee shall not be received by Lessor or Lessor's assignee within thirty (30) days after the same is due, Lessee shall pay to Lessor or Lessor's assignee a late charge equal to five per cent (5%) of such overdue amount monthly until such overdue amount is paid. Lessee acknowledges that such late charge represents a fair and reasonable estimate of the cost Lessor will incur by reason of a late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default, if any, with respect to such overdue amounts, nor prevent Lessor from exercising any of the other rights and remedies which Lessor may have pursuant to this Lease.

(j) The obligations which Lessee is required to perform during the term of this Lease shall survive the expiration or other termination of this Lease.

(k) Lessee will promptly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may reasonably request in order to effectuate the intent and purpose of this Lease and to establish and protect the rights, interests and remedies intended to be created in favor of Lessor hereunder, including without limitation, the execution and filing of financing statements and continuation statements with respect to this Lease, the Equipment and any Equipment Schedule. Lessee authorizes Lessor to effect any such filing and Lessor's reasonable expenses (together with the reasonable expenses of Lessor's assignees in this regard) shall be payable by Lessee on demand.

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**LESSOR:**

**Leasing Technologies International, Inc.**

**BY: /s/ Richard Livingston** \_\_\_\_\_

**NAME: Richard Livingston** \_\_\_\_\_

**TITLE: Vice President** \_\_\_\_\_

**DATE: November 5, 2008** \_\_\_\_\_

**LESSEE:**

**NeoGenomics, Inc.**

**BY: /s/ Robert P. Gasparini** \_\_\_\_\_

**NAME: Robert P. Gasparini** \_\_\_\_\_

**TITLE: President & Chief Scientific Officer** \_\_\_\_\_

**DATE: November 5, 2008** \_\_\_\_\_

COUNTERPART NO. \_\_\_ OF \_\_\_ EXECUTED COUNTERPARTS. TO THE EXTENT THAT THIS LEASE AGREEMENT SHALL CONSTITUTE CHATTEL PAPER, NO SECURITY INTREST HEREIN MAY BE CREATED OR PERFECTED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

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## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT is entered into this 5<sup>th</sup> day of November, 2008, between NeoGenomics, Inc. a Nevada company, with its principal place of business at \_\_\_\_\_ ("Guarantor") and Leasing Technologies International, Inc., with its principal place of business at 221 Danbury Road, Wilton, CT 06897 ("Lessor").

WHEREAS, Lessor is contemplating entering into a certain Master Lease Agreement, including any and all riders and schedules thereto (hereinafter collectively referred to as the "Lease") dated November 5, 2008 with NeoGenomics, Inc. a Florida Corporation (the "Lessee").

WHEREAS, Lessor is unwilling to enter into said Lease unless Guarantor guarantees the performance of all Lessee's obligations under the Lease.

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and as an inducement to Lessor to enter into the Lease, the parties hereto agree as follows:

1. Guarantee. The Guarantor hereby unconditionally guarantees the full, complete and prompt payment, performance and observance of all of Lessee's obligations under the Lease. Guarantor agrees that this is a continuing guarantee and that it shall perform its obligations hereunder notwithstanding any modification, discharge or release of any of Lessee's obligations under the Lease.

2. Intentionally Omitted.

3. Representations. Guarantor hereby represents and warrants that this Agreement constitutes a binding obligation of the Guarantor.

4. Right to Cure. Lessor hereby agrees that in the event of a default by Lessee under the Lease, Lessor shall give written notice of said default to Guarantor and Guarantor shall have the right to cure said default within ten (10) days from the mailing of such notice.

5. Failure to Cure. In the event the Guarantor fails to cure a default within the ten (10) day period, then Lessor may, at its option, proceed directly against Guarantor for the payment, performance or observance of any and all of Lessee's obligations under the Lease. Guarantor hereby waives any right to require Lessor: (i) to proceed against the Lessee; (ii) to proceed against or exhaust any security it may hold; or (iii) to pursue any other remedy available to it.

6. Waiver. No delay on the part of Lessor in exercising any rights under this Agreement or failure to exercise the same shall operate as a waiver of such rights. No modification or waiver of the provisions of this Agreement shall be effective unless in writing and no such waiver shall be applicable and effective except in the specific instance for which it was given.

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7. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Agreement shall not operate to render any other provision or provisions herein contained unenforceable or invalid.

8. Notice. Any notice given pursuant to this Agreement shall be in writing and shall be effective when sent by certified mail, return receipt requested and addressed to the party who is to receive such notice at the address set forth herein or at such other address as may be designated from time to time by proper notice.

9. Benefit. This Agreement shall be binding upon the Guarantor, its successors and assigns and shall inure to the benefit of Lessor, its successors and assigns, including any successor assignees.

10. Discharge. Nothing shall discharge or satisfy any of Guarantor's obligations hereunder except the full payment, performance and observance of all of Lessee's obligations under the Lease. Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever and no right or recourse to any of the assets of Lessee unless and until all of Lessee's obligations under the Lease have been paid, performed, and observed. In the event Lessor shall retain an attorney and/or resort to litigation to enforce its rights under this Guaranty, Lessor shall be entitled to collect and Guarantor shall pay to Lessor on demand all reasonable costs incurred in connection with such enforcement including, without limitation, reasonable attorney's fees.

11. Entire Agreement. This Agreement constitutes the final written expression of all the terms of this Agreement and is a complete and exclusive statement of those terms.

12. Authorization. If Guarantor is a corporation, each individual executing the Guaranty on behalf of Guarantor represents and warrants that he/she is duly authorized to execute and deliver the Guaranty on behalf of Guarantor in accordance with a duly adopted resolution of Guarantor's Board of Directors, and will, if requested by Lessor, deliver a certified copy of a duly adopted resolution of Guarantor's Board of Directors authorizing the execution and delivery of the Guaranty.

13. Guarantee Absolute and Unconditional. This Guaranty is to be absolute and unconditional irrespective of any lack of validity or enforceability of the Lease or the guarantee, or any other agreement or instrument relating thereto, or any other circumstance that might otherwise constitute a defense available to the Guarantor in respect to the guarantee.

This Agreement shall be deemed to have been made in the State of Connecticut and shall be governed in all respects by the laws of such State.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have executed this Guaranty Agreement this \_\_\_ day of \_\_\_\_, 200\_\_.

GUARANTOR: NEOGENOMICS, INC.  
(Nevada Company)

LESSOR: LEASING TECHNOLOGIES  
INTERNATIONAL, INC.

By: /s/ Robert P. Gasparini

By: /s/ Richard Livingston

Title: President & Chief Science Officer

Title: Vice President

ACKNOWLEDGEMENT

STATE OF )  
) SS.:  
COUNTY OF )

Before me, the undersigned, on this \_\_\_ day of \_\_\_\_, 200\_\_, personally appeared \_\_\_\_\_, to me known personally, and who being by me duly sworn, deposes and says that he/she is the \_\_\_\_\_ of \_\_\_\_, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledged said instrument to be the free act and deed of said corporation.

Notary Public  
My Commission Expires:

**FIRST AMENDMENT TO REVOLVING CREDIT  
AND SECURITY AGREEMENT**

THIS FIRST AMENDMENT TO REVOLVING CREDIT AND SECURITY AGREEMENT (this “**Agreement**”) is entered into on this 3rd day of November, 2008 (the “**Effective Date**”), by and among **NEOGENOMICS, INC.**, a Florida corporation (“**Borrower**”), **NEOGENOMICS, INC.**, a Nevada corporation (“**Guarantor**”, together with Borrower, individually, a “**Credit Party**” and collectively, the “**Credit Parties**”) and **CAPITALSOURCE FINANCE LLC**, a Delaware limited liability company (“**Lender**”) a s agent for the lenders to the Credit Agreement.

**RECITALS**

A. The Credit Parties and Lender have entered into that certain Revolving Credit and Security Agreement, dated as of February 1, 2008 (as may be amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”).

B. The Credit Parties have requested that Lender agree to make certain amendments to the Credit Agreement. Lender has agreed to this request on the conditions set forth in this Agreement.

C. Pursuant to the terms and conditions of this Agreement, the Credit Parties and the Lender have agreed to amend certain provisions of the Credit Agreement.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

**AGREEMENT**

**ARTICLE I - DEFINITIONS**

**1.01 Definitions.** Capitalized terms used in this Agreement are defined in the Credit Agreement, as amended hereby, unless otherwise stated.

**ARTICLE II-WAIVER**

**2.01 Waiver.**

(a) An Event of Default has occurred as a result of the failure of Borrower to maintain Minimum Cash Velocity required by Section 2 of Annex 1 of the Credit Agreement for the period ended June 30, 2008 (the “**Specified Event of Default**”).

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(b) Subject to the conditions contained herein, Lender hereby waives the Specified Event of Default as of the date that it was first discovered by Borrower. Except as expressly set forth herein with respect to the Specified Event of Default, this letter agreement shall not be deemed to be a waiver of any Default or Event of Default. The waivers set forth herein shall not preclude the future exercise of any other right, power, or privilege available to Lender whether under the Agreement, the Loan Documents or otherwise.

(c) The occurrence of the Specified Event of Default shall not be deemed to result in non-compliance with the financial covenants for purposes of Clause (ii) of Section 3 of Annex 1 of the Loan Agreement.

### **ARTICLE III- AMENDMENT**

**3.01 Amendment to Section 9.13 of the Credit Agreement.** Effective as of the Effective Date, Section 9.13 of the Credit Agreement is hereby amended by deleting "\$100,000" and replacing it with "\$250,000".

### **ARTICLE IV - CONDITIONS PRECEDENT**

**4.01 Conditions to Effectiveness.** The effectiveness of this Agreement against Lender is subject to the satisfaction of the following conditions precedent in a manner satisfactory to Lender in its sole discretion, unless specifically waived in writing by Lender:

Lender shall have received each of the following, each in form and substance satisfactory to Lender, in its sole discretion, and, where applicable, each duly executed by each party thereto, other than Lender:

- (i) this Agreement;
- (ii) all other documents Lender may request with respect to any matter relevant to this Agreement or the transactions contemplated hereby.

### **ARTICLE V- RATIFICATIONS, REPRESENTATIONS AND WARRANTIES**

**5.01 Ratifications.** The terms and provisions set forth in this Agreement shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and the Loan Documents, and, except as expressly modified and superseded by this Agreement, the terms and provisions of the Credit Agreement and the Loan Documents are ratified and confirmed and shall continue in full force and effect. The Credit Parties hereby ratify and confirm that the Liens granted under the Credit Agreement secure all obligations and indebtedness now, hereafter or from time to time made by, owing to or arising in favor of Lender pursuant to the Loan Documents (as now, hereafter or from time to time amended). The Credit Parties and Lender agree that the Credit Agreement and the Loan Documents, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with their respective terms.

**5.02 Representations and Warranties.** The Credit Parties hereby, jointly and severally, represent and warrant to Lender that:

(a) The representations and warranties made by the Credit Parties (other than those made as of a specific date) contained in the Credit Agreement, as amended hereby, and each Loan Document are true and correct in all material respects (except that, for those representations and warranties already qualified by concepts of materiality, those representations and warranties shall be true and correct in all respects) on and as of the date hereof and as of the date of execution hereof as though made on and as of each such date;

(b) No Default or Event of Default under the Credit Agreement, as amended hereby, has occurred and is continuing, except for the Specified Event of Default;

(c) No Borrower has amended its certificate of incorporation or bylaws (or any other equivalent governing agreement or document), as applicable, since the date of the Credit Agreement;

**ARTICLE VI - MISCELLANEOUS PROVISIONS**

**6.01 Survival of Representations and Warranties.** All representations and warranties made in the Credit Agreement, or any Loan Document, including, without limitation, any document furnished in connection with this Agreement, shall survive the execution and delivery of this Agreement and the Loan Documents, and no investigation by Lender or any closing shall affect the representations and warranties or the right of Lender to rely upon them.

**6.02 Reference to Credit Agreement.** Each of the Credit Agreement and the Loan Documents, and any and all Loan Documents, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement, as amended hereby, are hereby amended so that any reference in the Credit Agreement and such Loan Documents to the Credit Agreement shall mean a reference to the Credit Agreement, as amended hereby.

**6.03 Expenses of Lender.** As provided in the Credit Agreement, the Credit Parties agree to pay on demand all costs and expenses incurred by Lender in connection with the preparation, negotiation, and execution of this Agreement and the Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the reasonable costs and fees of Lender's legal counsel, and all costs and expenses incurred by Lender in connection with the enforcement or preservation of any rights under the Credit Agreement, as amended hereby, or any Loan Documents, including, without, limitation, the reasonable costs and fees of Lender's legal counsel.

**6.04 Severability.** Any provision of this Agreement held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Agreement and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.



**6.05 Successors and Assigns.** This Agreement is binding upon and shall inure to the benefit of Lender and the Credit Parties and their respective successors and assigns, except that the Credit Parties may not assign or transfer any of their rights or obligations hereunder without the prior written consent of Lender.

**6.06 Counterparts.** This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument. Any signature delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto.

**6.07 Effect of Waiver.** No consent or waiver, express or implied, by Lender to or for any breach of or deviation from any covenant or condition by the Credit Parties shall be deemed a consent to or waiver of any other breach of the same or any other covenant, condition or duty.

**6.08 Headings.** The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

**6.09 Applicable Law.** THIS AGREEMENT AND ALL LOAN DOCUMENTS EXECUTED PURSUANT HERETO SHALL BE DEEMED TO HAVE BEEN MADE AND TO BE PERFORMABLE IN AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE CHOICE OF LAW SET FORTH IN THE CREDIT AGREEMENT.

**6.10 Final Agreement.** THE CREDIT AGREEMENT AND THE LOAN DOCUMENTS, EACH AS AMENDED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AGREEMENT IS EXECUTED. THE CREDIT AGREEMENT AND THE LOAN DOCUMENTS, AS AMENDED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AGREEMENT OF ANY PROVISION OF THIS AGREEMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY THE CREDIT PARTIES AND LENDER.

**6.11 Release.** THE CREDIT PARTIES HEREBY ACKNOWLEDGE THAT THEY HAVE NO DEFENSE, COUNTERCLAIM, OFFSET, CROSS-COMPLAINT, CLAIM OR DEMAND OF ANY KIND OR NATURE WHATSOEVER THAT CAN BE ASSERTED TO REDUCE OR ELIMINATE ALL OR ANY PART OF ITS LIABILITY TO REPAY THE "OBLIGATIONS" OR TO SEEK AFFIRMATIVE RELIEF OR DAMAGES OF ANY KIND OR NATURE FROM LENDER. THE CREDIT PARTIES HEREBY VOLUNTARILY AND KNOWINGLY RELEASE AND FOREVER DISCHARGE LENDER AND LENDERS, AND ANY OF THEIR RESPECTIVE PREDECESSORS, AGENTS, ATTORNEYS, EMPLOYEES, AFFILIATES, SUCCESSORS AND ASSIGNS, FROM ALL POSSIBLE CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES, AND LIABILITIES WHATSOEVER, KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT, OR CONDITIONAL, AT LAW OR IN EQUITY, ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE THIS AGREEMENT IS EXECUTED, WHICH THE CREDIT PARTIES MAY NOW OR HEREAFTER HAVE AGAINST LENDER, OR ANY OF THEIR RESPECTIVE PREDECESSORS, ATTORNEYS, AGENTS, EMPLOYEES, AFFILIATES, SUCCESSORS AND ASSIGNS, IF ANY, AND IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, AND ARISING FROM ANY "LOANS", INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE CREDIT AGREEMENT OR LOAN DOCUMENTS, AND NEGOTIATION FOR AND EXECUTION OF THIS AGREEMENT.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, this Agreement has been executed and is effective as of the date first written above.

**BORROWER:**

**NEOGENOMICS, INC.**, a Florida corporation

By: /s/ Steven C. Jones

Name: Steven C. Jones

Title: Acting Principal Financial Officer

**GUARANTOR:**

**NEOGENOMICS, INC.**, a Nevada corporation

By: /s/ Steven C. Jones

Name: Steven C. Jones

Title: Acting Principal Financial Officer

**LENDER:**

**CAPITALSOURCE FINANCE LLC**, as agent for the lenders

By: /s/ Arturo Velez

Name: Arturo Velez

Title: Authorized Representative

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

I, Robert P. Gasparini, 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.

Date: November 7, 2008

By: /s/ Robert P. Gasparini

Name: Robert P. Gasparini

Title: President and Principal Executive Officer

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

I, Steven C. Jones, 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.

Date: November 7, 2008

By: /s/ Steven C. Jones

Name: Steven C. Jones

Title: Acting Principal Financial Officer

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

I, Jerome J. Dvonch, 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.

Date: November 7, 2008

By: /s/ Jerome J. Dvonch  
Name: Jerome J. Dvonch  
Title: Principal Accounting Officer

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**EXHIBIT 32.1**

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

In connection with the Quarterly Report on Form 10-Q of NeoGenomics, Inc. (the "Company") for the period ended September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, 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: November 7, 2008

*/s/ Robert P. Gasparini*

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Robert P. Gasparini  
President and  
Principal Executive Officer

Date: November 7, 2008

*/s/ Steven C. Jones*

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Steven C. Jones  
Acting Principal Financial Officer

Date: November 7, 2008

*/s/ Jerome J. Dvonch*

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Jerome J. Dvonch  
Principal Accounting Officer

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