

NEOPROBE CORP  
Form DEF 14A  
May 14, 2009

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

NEOPROBE CORPORATION  
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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2009 ANNUAL MEETING OF STOCKHOLDERS

May 14, 2009

Dear Stockholder:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Neoprobe Corporation, which will be held at 9:00 a.m., Eastern Daylight Time, on June 25, 2009, at the Embassy Suites Hotel, 5100 Upper Metro Place, Dublin, Ohio 43017 (phone: 614-790-9000). The matters on the meeting agenda are described in the Notice of 2009 Annual Meeting of Stockholders and proxy statement which accompany this letter.

We hope you will be able to attend the meeting, but whatever your plans, we ask that you please complete, execute, and date the enclosed proxy card and return it in the envelope provided so that your shares will be represented at the meeting.

Very truly yours,

/s/ David C. Bupp

David C. Bupp  
Chief Executive Officer and  
President

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NEOPROBE CORPORATION  
425 Metro Place North, Suite 300  
Dublin, Ohio 43017

NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of  
NEOPROBE CORPORATION:

The Annual Meeting of the Stockholders of Neoprobe Corporation, a Delaware corporation (the "Company"), will be held at the Embassy Suites Hotel, 5100 Upper Metro Place, Dublin, Ohio 43017 (phone: 614-790-9000), on June 25, 2009, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect three directors, to serve for a term of three years or until their successors are duly elected and qualified;  
and
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on April 27, 2009, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. A list of stockholders will be available for examination by any stockholder at the Annual Meeting and for a period of 10 days before the Annual Meeting at the executive offices of the Company.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on June 25, 2009: The proxy statement and annual report to security holders is available at [www.vfnotice.com/neoprobe](http://www.vfnotice.com/neoprobe).

Whether or not you plan to attend the Annual Meeting, please sign, date, and return the enclosed proxy card in the envelope provided or take advantage of the opportunity to vote your proxy online.

By Order of the Board of  
Directors

/s/ David C. Bupp

David C. Bupp  
Chief Executive Officer and  
President

Dublin, Ohio  
May 14, 2009

NEOPROBE CORPORATION

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2009 ANNUAL MEETING OF STOCKHOLDERS

June 25, 2009

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PROXY STATEMENT

Dated May 14, 2009

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GENERAL INFORMATION

**Solicitation.** This proxy statement is furnished to the stockholders of Neoprobe Corporation, a Delaware corporation, in connection with the solicitation by the Board of Directors of the Company of proxies to be voted at the Company's 2009 Annual Meeting of Stockholders to be held on June 25, 2009, and any adjournment thereof. This proxy statement and the accompanying proxy card are first being mailed to stockholders on or about May 14, 2009.

**Company Address.** The mailing address of our principal executive offices is 425 Metro Place North, Suite 300, Dublin, Ohio 43017.

**Voting Rights.** Stockholders of record at the close of business on April 27, 2009, are entitled to notice of and to vote at the Annual Meeting. As of that date, there were 72,054,369 shares of common stock of the Company, par value \$.001 per share, outstanding. Each holder of common stock of record on April 27, 2009, is entitled to one vote per share held with respect to all matters which may be brought before the Annual Meeting.

**Authorization.** The shares represented by the accompanying proxy will be voted as directed if the proxy is properly completed, signed, and received by us. The proxy will be voted at the discretion of the persons acting under the proxy to transact such other business as may properly come before the Annual Meeting and any adjournment thereof.

**Revocation.** Any stockholder returning the accompanying proxy has the power to revoke it at any time before its exercise by giving notice of revocation to the Company, by duly executing and delivering to the Company a proxy card bearing a later date, or by voting in person at the Annual Meeting.

**Tabulation.** Under Section 216 of the Delaware General Corporation Law (DGCL) and our by-laws, the presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Shares represented by signed proxies that are returned to the Company will be counted toward the quorum even though they are marked as "Abstain," "Against" or "Withhold Authority" on one or more or all matters or they are not marked at all (see General Information-Authorization). Broker/dealers, who hold their customers' shares in street name, may, under the applicable rules of the exchanges and other self-regulatory organizations of which such broker/dealers are members, sign and submit proxies for such shares and may vote such shares on routine matters, which, under such rules, typically include the election of directors, but broker/dealers may not vote such shares on other matters without specific instructions from the customer who owns such shares. Proxies signed and submitted by broker/dealers that

have not been voted on certain matters as described in the previous sentence are referred to as broker non-votes. Such proxies count toward the establishment of a quorum.

Under Section 216 of the DGCL and our by-laws, the election of the director nominees requires the favorable vote of a plurality of all votes cast by the holders of our common stock at a meeting at which a quorum is present. Proxies that are marked "Withhold Authority" and broker non-votes will not be counted toward a nominee's achievement of a plurality and, thus, will have no effect.

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## ELECTION OF DIRECTORS

### Nominees for Election as Directors

We presently have eight directors on our Board of Directors, comprised of two directors in one class and three directors in each of two additional classes, with terms expiring at the Annual Meetings in 2009, 2010 and 2011. At the Annual Meeting, the nominees to the Board of Directors receiving the highest number of votes will be elected as directors to terms of three years expiring in 2012.

Kirby I. Bland, M.D., Gordon A. Troup and J. Frank Whitley, Jr. are currently directors of the Company and are being nominated by our Board of Directors for re-election as directors, to serve for terms of three years.

It is intended that, unless otherwise directed, the shares represented by the enclosed proxy will be voted FOR the election of Dr. Bland and Messrs. Troup and Whitley. We have no reason to believe that any nominee will not stand for election or serve as a director. In the event that a nominee fails to stand for election, the proxies will be voted for the election of another person designated by the persons named in the proxy. See General Information-Tabulation.

The Board of Directors has nominated the following persons to serve as directors of the Company until the 2012 Annual Meeting:

Kirby I. Bland, M.D., age 67, has served as a director of our Company since May 2004. Dr. Bland currently serves as Professor and Chairman and Fay Fletcher Kerner Professor and Chairman, Department of Surgery of the University of Alabama at Birmingham (UAB) School of Medicine since 1999 and 2002, respectively, Deputy Director of the UAB Comprehensive Cancer Center since 2000 and Senior Scientist, Division of Human Gene Therapy, UAB School of Medicine since 2001. Prior to his appointments at UAB, Dr. Bland was J. Murry Breadsley Professor and Chairman, Professor of Medical Science, Department of Surgery and Director, Brown University Integrated Program in Surgery at Brown University School of Medicine from 1993 to 1999. Prior to his appointments at Brown University, Dr. Bland was Professor and Associate Chairman, Department of Surgery, University of Florida College of Medicine from 1983 to 1993 and Associate Director of Clinical Research at the University of Florida Cancer Center from 1991 to 1993. Dr. Bland held a number of medical staff positions at the University of Louisville, School of Medicine from 1977 to 1983 and at M. D. Anderson Hospital and Tumor Institute from 1976 to 1977. Dr. Bland is a member of the Board of Governors of the American College of Surgeons (ACS), a member of the ACS' Advisory Committee, Oncology Group (ACOSOG), a member of the ACS' American Joint Committee on Cancer Task Force and serves as Chairman of the ACS' Breast Disease Site Committee, COC. Dr. Bland is a past President of the Society of Surgical Oncology. Dr. Bland received his B.S. in Chemistry/Biology from Auburn University and a M.D. degree from the University of Alabama, Medical College of Alabama.

Gordon A. Troup, age 55, has served as a director of our Company since July 2008. Mr. Troup served as President of the Nuclear Pharmacy Services business at Cardinal Health, Inc. (Cardinal Health), a multinational medical products and services company, from January 2003 until his retirement in December 2007. Mr. Troup joined Cardinal Health in 1990 and was appointed Group President of Pharmaceutical Distribution and Specialty Distribution Services in 1999. Prior to joining Cardinal Health, Mr. Troup was employed for 10 years by American Hospital Supply Corporation and 3 years by Zellerbach Paper, a Mead Company. Mr. Troup has a B.S. degree in Business Management from San Diego State University. Mr. Troup is a member of several national healthcare trade organizations and is active in a number of not-for-profit organizations.

J. Frank Whitley, Jr., age 67, has served as a director of our Company since May 1994. Mr. Whitley was Director of Mergers, Acquisitions and Licensing at The Dow Chemical Company (Dow), a multinational chemical company, from June 1993 until his retirement in June 1997. After joining Dow in 1965, Mr. Whitley served in a variety of

marketing, financial, and business management functions. Mr. Whitley is also involved with several not-for-profit health care organizations, serving as a member of their Boards of Trustees and/or Committees of the Board. Mr. Whitley has a B.S. degree in Mathematics from Lamar State College of Technology.



Directors whose terms continue until the 2010 Annual Meeting:

Reuven Avital, age 57, has served as a director of our Company since January 2002. Mr. Avital is a partner and general manager of Ma' Aragim Enterprises Ltd., an investment company in Israel, and he is a board member of a number of privately-held Israeli companies, two of them in the medical device field. Mr. Avital was a board member of Cardiosonix, Ltd. from April 2001 through December 31, 2001, when we acquired the company. Previously, Mr. Avital served in the Israeli government in a variety of middle and senior management positions. He is also chairman or a board member of several not-for-profit organizations, mainly involved in education for the under-privileged and international peace-building. Mr. Avital has B.A. degrees in The History of the Middle East and International Relations from the Hebrew University of Jerusalem, and a M.P.A. from the Kennedy School of Government at Harvard University.

David C. Bupp, age 59, has served as President and a director of our Company since August 1992 and as Chief Executive Officer since February 1998. From August 1992 to May 1993, Mr. Bupp served as our Treasurer. In addition to the foregoing positions, from December 1991 to August 1992, he was Acting President, Executive Vice President, Chief Operating Officer and Treasurer, and from December 1989 to December 1991, he was Vice President, Finance and Chief Financial Officer. From 1982 to December 1989, Mr. Bupp was Senior Vice President, Regional Manager for AmeriTrust Company National Association, a nationally chartered bank holding company, where he was in charge of commercial and retail banking operations throughout Central Ohio. Mr. Bupp has a B.A. degree in Economics from Ohio Wesleyan University. Mr. Bupp also completed a course of study at Stonier Graduate School of Banking at Rutgers University.

Directors whose terms continue until the 2011 Annual Meeting:

Carl J. Aschinger, Jr., age 70, has served as a director of our Company since June 2004 and as Chairman of the Board since July 2007. Mr. Aschinger is the Chairman of CSC Worldwide (formerly Columbus Show Case Co.), a privately-held company that manufactures showcases for the retail industry. Mr. Aschinger also serves on the Board of Directors and as Chairman of the Audit Committee of Pinnacle Data Systems, a publicly-traded company that provides software and hardware solutions to original equipment manufacturers. Mr. Aschinger is a former director of Liqui-Box Corporation and Huntington National Bank as well as other privately-held ventures and has served on boards or advisory committees of several not-for-profit organizations.

Owen E. Johnson, M.D., age 68, has served as a director of our Company since July 2007. Prior to his retirement in December 2006, Dr. Johnson served as Vice President and Senior Medical Director of UnitedHealthcare of Ohio, Inc. (UHC), a subsidiary of UnitedHealth Group, where he was involved in a number of roles and activities including new technology assessment and reimbursement establishment. During 2007, Dr. Johnson rejoined UnitedHealth Networks, a subsidiary of UnitedHealth Group, as Medical Director for their cardiac line of service. Dr. Johnson has also served on the Board and on numerous Committees of UHC as well as other related organizations. Prior to joining UHC, Dr. Johnson held several hospital appointments with Riverside Methodist Hospital in Columbus, Ohio. Dr. Johnson has also been active in numerous professional, fraternal and community organizations in the Columbus, Ohio area.

Fred B. Miller, age 70, has served as a director of our Company since January 2002. Mr. Miller serves as Chairman of the Audit Committee. Mr. Miller is the President and Chief Operating Officer of Seicon, Limited, a privately held company that specializes in developing, applying and licensing technology to reduce seismic and mechanically induced vibration. Mr. Miller also serves on the board of one other privately-held company. Until his retirement in 1995, Mr. Miller had been with Price Waterhouse LLP since 1962. Mr. Miller is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants (AICPA), a past member of the Council of the AICPA and a member and past president of the Ohio Society of Certified Public Accountants. He also has served on

the boards or advisory committees of several universities and not-for-profit organizations. Mr. Miller has a B.S. degree in Accounting from The Ohio State University.

INFORMATION CONCERNING THE BOARD OF DIRECTORS  
AND EXECUTIVE OFFICERS

Board of Directors Meetings

Our Board of Directors held a total of seven meetings in the fiscal year ended December 31, 2008, and each of the directors attended at least 75 percent of the aggregate number of meetings of the Board of Directors and committees (if any) on which he served. It is our policy that all directors attend the Annual Meeting of Stockholders. However, conflicts and unforeseen events may prevent the attendance of a director, or directors. All members of our Board of Directors attended the 2008 Annual Meeting of Stockholders.

Independence

Our Board of Directors has adopted the definition of “independence” as described under Section 301 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”), Rule 10A-3 under the Securities Exchange Act of 1934 (the “Exchange Act”) and Nasdaq Rules 4200 and 4350. Our Board of Directors has determined that Messrs. Aschinger, Avital, Miller, Troup and Whitley, and Drs. Bland and Johnson meet the independence requirements.

Compensation, Nominating and Governance Committee

The members of the Compensation, Nominating and Governance Committee are Carl J. Aschinger, Jr. (Chairman), Kirby I. Bland, M.D., and Owen E. Johnson, M.D., each of whom is “independent” under the Nasdaq rules referenced above. The Compensation, Nominating and Governance Committee held four meetings in the fiscal year ended December 31, 2008. The Board of Directors adopted a written Compensation, Nominating and Governance Committee Charter on October 26, 2006, and amended and restated the Charter on March 1, 2007, and again on February 26, 2009. A copy of the Compensation, Nominating and Governance Committee Charter, as amended, is posted on the Company’s website at [www.neoprobe.com](http://www.neoprobe.com).

The Compensation, Nominating and Governance Committee: (1) discharges the Board of Directors’ responsibilities relating to the compensation of our directors, executive officers and associates; (2) identifies and recommends to our Board of Directors nominees for election to the Board; and (3) assists our Board of Directors in the implementation of sound corporate governance principles and practices.

With respect to its compensation functions, the Committee's purpose is to:

- Evaluate and approve executive officer compensation and review and make recommendations to the Board with respect to director compensation, including incentive or equity-based compensation plans;
- Review and evaluate any discussion and analysis of executive officer and director compensation included in the Company’s annual report or proxy statement, and prepare and approve any report on executive officer and director compensation for inclusion in the Company’s annual report or proxy statement required by applicable rules and regulations; and
- Monitor and evaluate, at the Committee’s discretion, matters relating to the compensation and benefits structure of the Company and such other domestic and foreign subsidiaries or affiliates, as it deems appropriate.

The Committee strives to provide fair compensation to executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long-term commitment to the Company, and develop a sense of pride and Company ownership, all in a manner consistent with shareholder interests. In addition, the Committee strives to provide fair compensation to directors, taking into consideration compensation paid to directors of comparable companies and the specific duties of each director.

With respect to its nominating and governance functions, the Committee's purpose is to:

- Assist the Board by identifying individuals qualified to become Board members, and recommend to the Board the director nominees whenever directors are to be appointed or elected, whether at the next annual meeting of shareholders or otherwise;

- Review the qualifications and independence of the members of the Board and its various committees on a periodic basis and make any recommendations to the Board the Committee may deem appropriate concerning any recommended changes in the composition or membership of the Board, or any of its committees;
- Develop and recommend to the Board any policies it may deem appropriate with regard to consideration of director candidates to be recommended to security holders;
  - Develop and recommend to the Board corporate governance principles applicable to the Company;
- Conduct the annual review of the performance of the Board, the Committees of the Board and Company's executive management;
  - Recommend to the Board director nominees for each committee; and
- Develop and recommend to the Board any policies or processes it may deem appropriate for security holders to send communications to the Board.

Our directors play a critical role in guiding our strategic direction and oversee the management of our Company. Board candidates are considered based on various criteria, such as their broad based business and professional skills and experiences, a global business and social perspective, concern for long term interests of stockholders, and personal integrity and judgment. In addition, directors must have available time to devote to Board activities and to enhance their knowledge of the industry. Accordingly, we seek to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities to our Company. Recent developments in corporate governance and financial reporting have resulted in an increased demand for such highly qualified and productive public company directors.

Our Board of Directors will consider the recommendations of stockholders regarding potential director candidates. In order for stockholder recommendations regarding possible director candidates to be considered by our Board of Directors:

- such recommendations must be provided to the Board of Directors c/o Brent L. Larson, Neoprobe Corporation, 425 Metro Place North, Suite 300, Dublin, Ohio 43017, in writing at least 120 days prior to the date of the Company's proxy statement released to stockholders in connection with the previous year's annual meeting;
- the nominating stockholder must meet the eligibility requirements to submit a valid stockholder proposal under Rule 14a-8 of the Securities Exchange Act of 1934, as amended;
- the stockholder must describe the qualifications, attributes, skills or other qualities of the recommended director candidate; and
  - the stockholder must follow the procedures set forth in Article III, Section 2 of our By-Laws.

#### Audit Committee

The Audit Committee of the Board of Directors selects our independent registered public accounting firm with whom the Audit Committee reviews the scope of audit and non-audit assignments and related fees, the accounting principles that we use in financial reporting, and the internal controls over financial reporting identified by the independent registered public accounting firm as a basis for designing their audit procedures. The members of our Audit Committee are: Fred B. Miller (Chairman), Reuven Avital, Gordon A. Troup, and J. Frank Whitley, Jr., each of whom is "independent" under the Nasdaq rules referenced above. The Board of Directors has determined that Fred B. Miller meets the requirements of an "audit committee financial expert" as set forth in Section 407(d)(5) of Regulation S-K promulgated by the SEC. The Audit Committee held five meetings in the fiscal year ended December 31, 2008. The Board of Directors adopted a written Amended and Restated Audit Committee Charter on April 30, 2004. A copy of the Amended and Restated Audit Committee Charter is posted on the Company's website at [www.neoprobe.com](http://www.neoprobe.com).



REPORT OF AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee consults with our Chief Financial Officer and other key members of our management and with our independent registered public accounting firm with regard to their year-end audit plan, quarterly reviews in accordance with Statement on Auditing Standards No. 100, the auditor's report of audit, and the accompanying management letter, if any; and consults with our Chief Financial Officer and other key members of our management and with our independent registered public accounting firm with regard to the adequacy of our internal accounting controls.

In fulfilling its responsibilities, the Audit Committee selected BDO Seidman, LLP ("BDO Seidman") as our independent registered public accounting firm for purposes of auditing our financial statements for the fiscal year ended December 31, 2008. The Audit Committee has reviewed and discussed with management and BDO Seidman our audited financial statements; the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; received the written disclosures and the letter from BDO Seidman required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence (Rule 3526), and has discussed with BDO Seidman their independence from our Company.

Based on the reviews and discussions with management and BDO Seidman, the Audit Committee recommended to the Board of Directors that our audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the Securities and Exchange Commission.

The Board of Directors evaluated the independence of each member of the Audit Committee. As part of its evaluation, the Board of Directors determined, in the exercise of its business judgment, that each of Messrs. Avital, Miller, Troup and Whitley is independent under Rule 4350(d) of the Nasdaq Stock Market and is financially literate.

Based upon its work and the information received in the inquiries outlined above, the Audit Committee is satisfied that its responsibilities under the charter for the period ended December 31, 2008, were met and that our financial reporting and audit processes are functioning effectively.

Submitted by the Audit  
Committee  
of the Board of Directors:

Fred B. Miller, Chairman  
Reuven Avital  
Gordon A. Troup  
J. Frank Whitley, Jr.

## Stockholder Communications

Stockholders may send communications to our Board of Directors, or to individual directors, by mailing communications in writing to c/o Brent L. Larson, Neoprobe Corporation, 425 Metro Place North, Suite 300, Dublin, Ohio 43017.

## Executive Officers

In addition to Mr. Bupp, the following individuals are executive officers of our Company and serve in the position(s) indicated below:

Name	Age	Position
Anthony K. Blair	48	Vice President, Manufacturing Operations
Rodger A. Brown	58	Vice President, Regulatory Affairs and Quality Assurance
Frederick O. Cope, Ph.D.	62	Vice President of Pharmaceutical Research and Clinical Development
Brent L. Larson	46	Vice President, Finance; Chief Financial Officer; Treasurer and Secretary
Douglas L. Rash	65	Vice President, Marketing

Anthony K. Blair has served as Vice President, Manufacturing Operations of our Company since July 2004. Prior to joining our Company, he served as Vice President, Manufacturing Operations of Enpath Medical, Lead Technologies Division, formerly known as Biomec Cardiovascular, Inc. from 2002 to June 2004. From 1998 through 2001, Mr. Blair led the manufacturing efforts at Astro Instrumentation, a medical device contract manufacturer. From 1989 to 1998 at Ciba Corning Diagnostics (now Bayer), Mr. Blair held managerial positions including Operations Manager, Materials Manager, Purchasing Manager and Production Supervisor. From 1985 to 1989, Mr. Blair was employed by Bailey Controls and held various positions in purchasing and industrial engineering. Mr. Blair started his career at Fisher Body, a division of General Motors, in production supervision. Mr. Blair has a B.B.A. degree in management and labor relations from Cleveland State University.

Rodger A. Brown has served as Vice President, Regulatory Affairs and Quality Assurance of our Company since November 2000. From July 1998 through November 2000, Mr. Brown served as our Director, Regulatory Affairs and Quality Assurance. Prior to joining our Company, Mr. Brown served as Director of Operations for Biocore Medical Technologies, Inc. from April 1997 to April 1998. From 1981 through 1996, Mr. Brown served as Director, Regulatory Affairs/Quality Assurance for E for M Corporation, a subsidiary of Marquette Electronics, Inc.

Frederick O. Cope, Ph.D. has served as Vice President, Pharmaceutical Research and Clinical Development of our Company since February 2009. Prior to accepting this position with the Company, Dr. Cope served as the Assistant Director for Research and Head of Program Research Development for The Ohio State University Comprehensive Cancer Center, The James Cancer Hospital and The Richard J. Solove Research Institute, from April 2001 to February 2009. Dr. Cope is also active in a number of professional and scientific organizations such as serving as an Ad Hoc Member of the FDA Scientific Advisory Panel and a member of Emory University's Scientific Advisory Board. Dr. Cope received his BSc from the Delaware Valley College of Science and Agriculture, his MS from Millersville University of Pennsylvania and his Ph.D. from the University of Connecticut.

Brent L. Larson has served as Vice President, Finance, Chief Financial Officer and Treasurer of our Company since February 1999 and as Secretary since 2003. Prior to that, he served as our Vice President, Finance from July 1998 to



January 1999 and as Controller from July 1996 to June 1998. Before joining our Company, Mr. Larson was employed by Price Waterhouse LLP. Mr. Larson has a B.B.A. degree in accounting from Iowa State University of Science and Technology and is a Certified Public Accountant.

Douglas L. Rash has served as Vice President, Marketing of our Company since January 2005. Prior to that, Mr. Rash was Neoprobe's Director, Marketing and Product Management from March to December 2004. Before joining our Company, Mr. Rash served as Vice President and General Manager of MTRE North America, Inc. from 2000 to 2003. From 1994 to 2000, Mr. Rash served as Vice President and General Manager (Medical Division) of Cincinnati Sub-Zero, Inc. From 1993 to 1994, Mr. Rash was Executive Vice President of Everest & Jennings International, Ltd. During his nine-year career at Gaymar Industries, Inc. from 1984 to 1993, Mr. Rash held positions as Vice President and General Manager (Clinicare Division) and Vice President, Marketing and Sales (Acute Care Division). From 1976 to 1984, Mr. Rash held management positions at various divisions of British Oxygen Corp. Mr. Rash has a B.S. degree in Business Administration with a minor in Chemistry from Wisconsin State University.

#### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of April 30, 2009, certain information with respect to the beneficial ownership of shares of our common stock by: (i) each person known to us to be the beneficial owner of more than 5% of our outstanding shares of common stock, (ii) each director or nominee for director of our Company, (iii) each of the Named Executives (see "Executive Compensation – Summary Compensation Table"), and (iv) our directors and executive officers as a group.

Beneficial Owner	Number of Shares Beneficially Owned (*)		Percent of Class (**)
Carl J. Aschinger, Jr.	292,145	(a)	(n)
Reuven Avital	404,256	(b)	(n)
Anthony K. Blair	247,097	(c)	(n)
Kirby I. Bland, M.D.	195,000	(d)	(n)
David C. Bupp	6,970,309	(e)	8.9%
Frederick O. Cope, Ph.D.	-	(f)	(n)
Owen E. Johnson, M.D.	50,000	(g)	(n)
Brent L. Larson	687,414	(h)	(n)
Fred B. Miller	376,000	(i)	(n)
Gordon A. Troup	15,000	(j)	(n)
J. Frank Whitley, Jr.	291,500	(k)	(n)
All directors and officers as a group (13 persons)	10,071,377	(l)(o)	12.5%
Platinum Montaur Life Sciences, LLC	3,780,500	(m)	4.99%

(\*) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission which generally attribute beneficial ownership of securities to persons who possess sole or shared voting power and/or investment power with respect to those securities. Unless otherwise indicated, voting and investment power are exercised solely by the person named above or shared with members of such person's household.

(\*\*) Percent of class is calculated on the basis of the number of shares outstanding on April 30, 2009, plus the number of shares the person has the right to acquire within 60 days of April 30, 2009.

(a) This amount includes 140,000 shares issuable upon exercise of options which are exercisable within 60 days and 1,145 shares held in a trust account for which Mr. Aschinger is the custodian, but does not include 10,000 shares issuable upon exercise of options which are not exercisable within 60 days.

(b)

This amount consists of 139,256 shares of our common stock owned by Mittai Investments Ltd. (Mittai), an investment fund under the management and control of Mr. Avital, and 185,000 shares issuable upon exercise of options which are exercisable within 60 days but does not include 10,000 shares issuable upon exercise of options which are not exercisable within 60 days. The shares held by Mittai were obtained through a distribution of 2,785,123 shares previously held by Ma' Aragim Enterprise Ltd. (Ma' Aragim), another investment fund under the management and control of Mr. Avital. On February 28, 2005, Ma' Aragim distributed its shares to the partners in the fund. Mr. Avital is not an affiliate of the other fund to which the remaining 2,645,867 shares were distributed. Of the 2,785,123 shares previously held by Ma' Aragim, 2,286,712 were acquired in exchange for surrendering its shares in Cardiosonix Ltd. on December 31, 2001, in connection with our acquisition of Cardiosonix, and 498,411 were acquired by Ma' Aragim based on the satisfaction of certain developmental milestones on December 30, 2002, associated with our acquisition of Cardiosonix.

- (c) This amount includes 163,334 shares issuable upon exercise of options which are exercisable within 60 days and 33,763 shares in Mr. Blair's account in the 401(k) Plan, but it does not include 50,000 shares of unvested restricted stock and 81,667 shares issuable upon exercise of options which are not exercisable within 60 days.
- (d) This amount includes 170,000 shares issuable upon exercise of options which are exercisable within 60 days but does not include 10,000 shares issuable upon exercise of options which are not exercisable within 60 days.
- (e) This amount includes 1,676,667 shares issuable upon exercise of options which are exercisable within 60 days, 770,000 warrants which are exercisable within 60 days, a promissory note convertible into 3,225,806 shares of our common stock, 203,746 shares that are held by Mr. Bupp's wife for which he disclaims beneficial ownership and 119,390 shares in Mr. Bupp's account in the 401(k) Plan, but it does not include 700,000 shares of unvested restricted stock and 233,333 shares issuable upon exercise of options which are not exercisable within 60 days.
- (f) This amount does not include 100,000 shares of unvested restricted stock and 50,000 shares issuable upon exercise of options which are not exercisable within 60 days.
- (g) This amount includes 30,000 shares issuable upon exercise of options which are exercisable within 60 days but does not include 10,000 shares issuable upon exercise of options which are not exercisable within 60 days.
- (h) This amount includes 500,000 shares issuable upon exercise of options which are exercisable within 60 days and 87,414 shares in Mr. Larson's account in the 401(k) Plan, but it does not include 50,000 shares of unvested restricted stock and 75,000 shares issuable upon exercise of options which are not exercisable within 60 days.
- (i) This amount includes 245,000 shares issuable upon exercise of options which are exercisable within 60 days and 81,000 shares held by Mr. Miller's wife for which he disclaims beneficial ownership, but does not include 10,000 shares issuable upon the exercise of options which are not exercisable within 60 days.
- (j) This amount does not include 20,000 shares issuable upon exercise of options which are not exercisable within 60 days.
- (k) This amount includes 260,000 shares issuable upon exercise of options which are exercisable within 60 days, but does not include 10,000 shares issuable upon exercise of options which are not exercisable within 60 days.
- (l) This amount includes 3,900,000 shares issuable upon exercise of options which are exercisable within 60 days, 770,000 warrants which are exercisable within 60 days, a promissory note convertible into 3,225,806 shares of our common stock, 285,891 shares that are held by spouses of our Directors and Officers or in trusts for which they are custodian but for which they disclaim beneficial ownership and 253,224 shares held in the 401(k) Plan on behalf of certain officers, but it does not include 920,000 shares of unvested restricted stock and 605,000 shares issuable upon the exercise of options which are not exercisable within 60 days. The Company itself is the trustee of the Neoprobe 401(k) Plan and may, as such, share investment power over common stock held in such plan. The trustee disclaims any beneficial ownership of shares held by the 401(k) Plan. The 401(k) Plan holds an aggregate total of 575,350 shares of common stock.
- (m) Platinum-Montaur Life Sciences, LLC (Montaur), 152 W. 57th Street, 54th Floor, New York, NY 10019, holds promissory notes in the principal amount of \$10,000,000 convertible into 21,794,871 shares of our common stock, warrants to purchase 20,333,333 shares of our common stock, and 3,000 shares of Series A 8% Cumulative Convertible Preferred Stock convertible into 6,000,000 shares of our common stock. Each of our convertible promissory notes held by Montaur, the warrants held by Montaur, and the Certificate of Designations, Voting Powers, Preferences, Limitations, Restrictions, and Relative Rights of Series A 8% Cumulative Convertible Preferred Stock provide that those instruments are not convertible or exercisable if, after such conversion or exercise, Montaur would beneficially own more than 4.99% of our outstanding common stock. This provision may be waived by Montaur giving us at least 61 days prior written notice. Similarly, each of our convertible promissory notes and warrants held by Montaur provides that those instruments are not convertible or exercisable if, after such conversion or exercise, Montaur would beneficially own more than 9.99% of our outstanding common stock, subject to Montaur's right to request a waiver of this restriction in writing at least 61 days prior to the effective date of that waiver.
- (n) Less than one percent.
- (o) The address of all directors and executive offices is c/o Neoprobe Corporation, 425 Metro Place North, Suite 300, Dublin, Ohio 43017-1367.



## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table sets forth certain information concerning the annual and long-term compensation of our Chief Executive Officer and our other two highest paid executive officers during the last fiscal year (the Named Executives) for the last two fiscal years.

Name and Principal Position	Year	(a) Salary	(a) Bonus	(b) Option Awards	(c) Restricted Stock Awards	(d) All Other Compensation	Total Compensation
Anthony K. Blair Vice President, Manufacturing Operations	2008	\$ 150,000	\$ 15,700	\$ 10,827	\$ 8,975	\$ 4,676	\$ 190,178
	2007	134,000	19,125	8,550	-	3,887	165,562
David C. Bupp President and Chief Executive Officer	2008	\$ 325,000	\$ 40,000	\$ 43,875	\$ 53,850	\$ 7,208	\$ 469,933
	2007	305,000	60,000	51,808	-	8,398	425,026
Brent L. Larson Vice President, Finance and Chief Financial Officer	2008	\$ 177,000	\$ 15,000	\$ 9,677	\$ 8,975	\$ 5,442	\$ 216,094
	2007	170,000	19,125	10,184	-	4,896	204,205

- (a) Bonuses, if any, have been disclosed for the year in which they were earned (i.e., the year to which the service relates).
- (b) Amount represents the dollar amount recognized for financial statement reporting purposes in accordance with SFAS No. 123(R). Assumptions made in the valuation of stock option awards are disclosed in Note 1(o) of the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the Securities and Exchange Commission March 30, 2009, a copy of which has been delivered to stockholders with this proxy statement.
- (c) Amount represents the dollar amount recognized for financial statement reporting purposes in accordance with SFAS No. 123(R). Assumptions made in the valuation of restricted stock awards are disclosed in Note 1(o) of the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the Securities and Exchange Commission March 30, 2009, a copy of which has been delivered to stockholders with this proxy statement.
- (d) Amount represents life insurance premiums paid during the fiscal year ended December 31, 2008, for the benefit of the Named Executives and matching contributions under the Neoprobe Corporation 401(k) Plan (the Plan). Eligible employees may make voluntary contributions and we may, but are not obligated to, make matching contributions based on 40 percent of the employee's contribution, up to 5 percent of the employee's salary. Employee contributions are invested in mutual funds administered by an independent plan administrator. Company contributions, if any, are made in the form of shares of common stock. The Plan qualifies under section 401 of the Internal Revenue Code, which provides that employee and company contributions and income earned on contributions are not taxable to the employee until withdrawn from the Plan, and that we may deduct our contributions when made.



## Outstanding Equity Awards at Fiscal Year End

The following table presents certain information concerning outstanding equity awards held by the Named Executive Officers as of December 31, 2008.

Name	Option Awards					Stock Awards		Note
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Note	Number of Unearned Shares	Market Value of Unearned Shares (o)	
Anthony K. Blair	50,000	-	\$ 0.60	7/1/2014	(h)	50,000	\$ 28,500	(p)
	40,000	-	\$ 0.39	12/10/2014	(j)			
	30,000	-	\$ 0.26	12/27/2015	(k)			
	20,000	10,000	\$ 0.27	12/15/2016	(l)			
	6,667	13,333	\$ 0.35	7/27/2017	(m)			
	-	50,000	\$ 0.362	1/3/2018	(n)			
David C. Bupp	180,000	-	\$ 0.50	1/4/2010	(b)	300,000	\$ 171,000	(p)
	180,000	-	\$ 0.41	1/3/2011	(c)			
	180,000	-	\$ 0.42	1/7/2012	(d)			
	100,000	-	\$ 0.14	1/15/2013	(e)			
	70,000	-	\$ 0.13	2/15/2013	(f)			
	150,000	-	\$ 0.30	1/7/2014	(g)			
	150,000	-	\$ 0.49	7/28/2014	(i)			
	200,000	-	\$ 0.39	12/10/2014	(j)			
	200,000	-	\$ 0.26	12/27/2015	(k)			
	200,000	100,000	\$ 0.27	12/15/2016	(l)			
	-	200,000	\$ 0.362	1/3/2018	(n)			
Brent L. Larson	25,000	-	\$ 1.25	2/11/2009	(a)	50,000	\$ 28,500	(p)
	60,000	-	\$ 0.50	1/4/2010	(b)			
	60,000	-	\$ 0.41	1/3/2011	(c)			
	50,000	-	\$ 0.42	1/7/2012	(d)			
	40,000	-	\$ 0.14	1/15/2013	(e)			
	30,000	-	\$ 0.13	2/15/2013	(f)			
	70,000	-	\$ 0.30	1/7/2014	(g)			
	50,000	-	\$ 0.49	7/28/2014	(i)			
	50,000	-	\$ 0.39	12/10/2014	(j)			
	40,000	-	\$ 0.26	12/27/2015	(k)			
	33,333	16,667	\$ 0.27	12/15/2016	(l)			
	-	50,000	\$ 0.362	1/3/2018	(n)			

(a) Options were granted 2/11/1999 and vested as to one-third immediately and on each of the first two anniversaries of the date of grant.

(b) Options were granted 1/4/2000 and vested as to one-third on each of the first three anniversaries of the date of grant.

(c)



- Options were granted 1/3/2001 and vested as to one-third on each of the first three anniversaries of the date of grant.
- (d) Options were granted 1/7/2002 and vested as to one-third on each of the first three anniversaries of the date of grant.
- (e) Options were granted 1/15/2003 and vested as to one-third on each of the first three anniversaries of the date of grant.
- (f) Options were granted 2/15/2003 and vested as to one-third on each of the first three anniversaries of the date of grant.
- (g) Options were granted 1/7/2004 and vested as to one-third on each of the first three anniversaries of the date of grant.
- (h) Options were granted 7/1/2004 and vested as to one-third on each of the first three anniversaries of the date of grant.
- (i) Options were granted 7/28/2004 and vested as to one-third on each of the first three anniversaries of the date of grant.
- (j) Options were granted 12/10/2004 and vested as to one-third on each of the first three anniversaries of the date of grant.
- (k) Options were granted 12/27/2005 and vested as to one-third immediately and on each of the first two anniversaries of the date of grant.
- (l) Options were granted 12/15/2006 and vest as to one-third on each of the first three anniversaries of the date of grant.
- (m) Options were granted 7/27/2007 and vest as to one-third on each of the first three anniversaries of the date of grant.
- (n) Options were granted 1/3/2008 and vest as to one-third on each of the first three anniversaries of the date of grant.
- (o) Estimated by reference to the closing market price of the Company's common stock on December 31, 2008, pursuant to Instruction 3 to Item 402(p)(2) of Regulation S-K. The closing price of the Company's common stock on December 31, 2008, was \$0.57.
- (p) Restricted shares granted January 3, 2008. Pursuant to the terms of Restricted Stock Agreements between the Company and each grantee, the restricted shares will vest upon the approval by the United States Food and Drug Administration of the New Drug Application for Lymphoseek. If the employment of a grantee with the Company is terminated before all of the restricted shares have vested, then pursuant to the terms of the Restricted Stock Agreements all restricted shares that have not vested at the effective date of such grantee's termination shall immediately be forfeited by the grantee. Pursuant to its authority under Section 3.2 of the Restricted Stock Agreements the Company's Compensation, Nominating and Governance Committee eliminated the forfeiture provision in Section 3.2(b) of the Restricted Stock Agreements effective January 1, 2009, which provision effected the forfeiture of the shares if the vesting event did not occur before June 30, 2010.

## Equity Compensation Plan Information

The following table sets forth additional information as of December 31, 2008, concerning shares of our common stock that may be issued upon the exercise of options and other rights under our existing equity compensation plans and arrangements, divided between plans approved by our stockholders and plans or arrangements not submitted to our stockholders for approval. The information includes the number of shares covered by, and the weighted average exercise price of, outstanding options and other rights and the number of shares remaining available for future grants excluding the shares to be issued upon exercise of outstanding options, warrants, and other rights.

	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options Warrants and Rights	(c) Number of Securities Remaining Available for Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	5,619,500	\$ 0.40	2,370,500
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>5,619,500</b>	<b>\$ 0.40</b>	<b>2,370,500</b>

## Employment and Other Compensation Agreements

Our Named Executive Officers are employed under employment agreements of varying terms as outlined below. In addition, the Compensation, Nominating and Governance Committee of the Board of Directors will, on an annual basis, review the performance of our Company and may pay bonuses to our executives as the Compensation, Nominating and Governance Committee deems appropriate, in its discretion. Such review and bonus will be consistent with any bonus plan adopted by the Compensation, Nominating and Governance Committee that covers Mr. Bupp as well as the executive officers of our Company generally.

## David C. Bupp

**Employment Agreement.** David C. Bupp is employed under a 12-month employment agreement effective January 1, 2009. The employment agreement provides for an annual base salary of \$335,000.

The Board of Directors and/or the Compensation, Nominating and Governance (CNG) Committee will, on an annual basis, review the performance of our Company and of Mr. Bupp and may pay a bonus to Mr. Bupp as it deems appropriate, in its discretion. Such review and bonus will be consistent with any bonus plan adopted by the CNG Committee that covers the executive officers of the Company generally. For the calendar year ending December 31, 2009, the CNG Committee has determined that the maximum bonus payment to Mr. Bupp will be \$90,000.

If a change in control occurs with respect to our Company and the employment of Mr. Bupp is concurrently or subsequently terminated:

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by the Company without cause (cause is defined as any willful breach of a material duty by Mr. Bupp in the course of his employment or willful and continued neglect of his duty as an employee);

- by the expiration of the term of Mr. Bupp's employment agreement; or
- by the resignation of Mr. Bupp because his title, authority, responsibilities, salary, bonus opportunities or benefits have materially diminished, a material adverse change in his working conditions has occurred, his services are no longer required in light of the Company's business plan, or we breach the agreement;

then, Mr. Bupp will be paid a severance payment of \$762,500 (less amounts paid as Mr. Bupp's salary and benefits that continue for the remaining term of the agreement if his employment is terminated without cause).

For purposes of Mr. Bupp's employment agreement, a change in control includes:

- the acquisition, directly or indirectly, by a person (other than our Company, an employee benefit plan established by the Board of Directors, or a participant in a transaction approved by the Board of Directors for the principal purpose of raising additional capital) of beneficial ownership of 30% or more of our securities with voting power in the next meeting of holders of voting securities to elect the directors;
- a majority of the Directors elected at any meeting of the holders of our voting securities are persons who were not nominated by our then current Board of Directors or an authorized committee thereof;
- our stockholders approve a merger or consolidation of our Company with another person, other than a merger or consolidation in which the holders of our voting securities outstanding immediately before such merger or consolidation continue to hold voting securities in the surviving or resulting corporation (in the same relative proportions to each other as existed before such event) comprising 80% or more of the voting power for all purposes of the surviving or resulting corporation; or
- our stockholders approve a transfer of substantially all of our assets to another person other than a transfer to a transferee, 80% or more of the voting power of which is owned or controlled by us or by the holders of our voting securities outstanding immediately before such transfer in the same relative proportions to each other as existed before such event.

Mr. Bupp will be paid a severance amount of \$406,250 if his employment is terminated at the end of his employment agreement or without cause. If Mr. Bupp is terminated without cause, his benefits will continue for the longer of 36 months or the full term of the agreement.

#### Compensation of Other Named Executives

Our Executive Officers are employed under employment agreements of varying terms as outlined below. In addition, the CNG Committee will, on an annual basis, review the performance of our Company and may pay bonuses to our executives as it deems appropriate, in its discretion. Such review and bonus will be consistent with any bonus plan adopted by the CNG Committee that covers Mr. Bupp as well as the executive officers of the Company generally.

#### Anthony K. Blair

Employment Agreement. Anthony Blair is employed under a 24-month employment agreement effective January 1, 2009. The employment agreement provides for an annual base salary of \$157,000.

The CNG Committee will, on an annual basis, review the performance of our Company and of Mr. Blair and may pay a bonus to Mr. Blair as it deems appropriate, in its discretion. Such review and bonus will be consistent with any bonus plan adopted by the CNG Committee that covers the executive officers of the Company generally.

If a change in control occurs with respect to our Company and the employment of Mr. Blair is concurrently or subsequently terminated:

- by the Company without cause (cause is defined as any willful breach of a material duty by Mr. Blair in the course of his employment or willful and continued neglect of his duty as an employee);

- by the expiration of the term of Mr. Blair's employment agreement; or
- by the resignation of Mr. Blair because his title, authority, responsibilities, salary, bonus opportunities or benefits have materially diminished, a material adverse change in his working conditions has occurred, his services are no longer required in light of the Company's business plan, or we breach the agreement;

then, Mr. Blair will be paid a severance payment of \$310,000 and will continue his benefits for the longer of 12 months or the remaining term of his employment agreement.

For purposes of Mr. Blair's employment agreement, a change in control includes:

- the acquisition, directly or indirectly, by a person (other than our Company, an employee benefit plan established by the Board of Directors, or a participant in a transaction approved by the Board of Directors for the principal purpose of raising additional capital) of beneficial ownership of 30% or more of our securities with voting power in the next meeting of holders of voting securities to elect the directors;
- a majority of the directors elected at any meeting of the holders of our voting securities are persons who were not nominated by our then current Board of Directors or an authorized committee thereof;
- our stockholders approve a merger or consolidation of our Company with another person, other than a merger or consolidation in which the holders of our voting securities outstanding immediately before such merger or consolidation continue to hold voting securities in the surviving or resulting corporation (in the same relative proportions to each other as existed before such event) comprising 80% or more of the voting power for all purposes of the surviving or resulting corporation; or
  - our stockholders approve a transfer of substantially all of the assets of our Company to another person other than a transfer to a transferee, 80% or more of the voting power of which is owned or controlled by us or by the holders of our voting securities outstanding immediately before such transfer in the same relative proportions to each other as existed before such event.

Mr. Blair will be paid a severance amount of \$157,000 if his employment is terminated at the end of his employment agreement or without cause. If Mr. Blair is terminated without cause, his benefits will continue for the longer of 12 months or the full term of the agreement.

Brent L. Larson

Employment Agreement. Brent Larson is employed under a 24-month employment agreement effective January 1, 2009. The employment agreement provides for an annual base salary of \$184,000.

The terms of Mr. Larson's employment agreement are substantially identical to Mr. Blair's employment agreement, except that:

- If a change in control occurs with respect to our Company and the employment of Mr. Larson is concurrently or subsequently terminated, then Mr. Larson will be paid a severance payment of \$360,000; and
- Mr. Larson will be paid a severance amount of \$184,000 if his employment is terminated at the end of his employment agreement or without cause.

The CNG Committee will, on an annual basis, review the performance of our Company and of Mr. Larson and may pay a bonus to Mr. Larson as it deems appropriate, in its discretion. Such review and bonus will be consistent with any bonus plan adopted by the CNG Committee that covers the executive officers of the Company generally.

Compensation of Directors

Each non-employee director received an annual cash retainer of \$20,000 and earned an additional \$1,500 per board meeting attended in person or \$500 per telephonic board meeting during the fiscal year ended December 31,

2008. The Chairmen of the Company's Board of Directors and Audit Committee each received an additional annual retainer of \$10,000 for their services in those capacities during 2008. Members of committees of the Company's Board of Directors earned an additional \$500 per committee meeting attended in person or telephonically. We also reimbursed non-employee directors for travel expenses for meetings attended during 2008.

Each non-employee director also received 10,000 options to purchase common stock as a part of the Company's annual stock incentive grants, in accordance with the provisions of the Neoprobe Corporation Second Amended and Restated 2002 Stock Incentive Plan. The options granted to purchase common stock vested on the first anniversary of the date of grant and have an exercise price of \$0.362, the closing price of the Company's common stock as reported on the OTC Bulletin Board regulated quotation service on January 3, 2008, the date of grant. The aggregate number of option awards outstanding at March 15, 2009, for each Director is set forth in the footnotes to the beneficial ownership table provided beginning on page 8 of this proxy statement. Directors who are also officers or employees of Neoprobe do not receive any compensation for their services as directors.

The following table sets forth certain information concerning the compensation of non-employee Directors for the fiscal year ended December 31, 2008.

Name	(a) Fees Earned or Paid in Cash	(b),(c) Option Awards	Total Compensation
Carl J. Aschinger, Jr.	\$ 37,500	\$ 3,046	\$ 40,546
Reuven Avital	28,000	3,046	31,046
Kirby I. Bland, M.D.	27,500	3,046	30,546
Owen E. Johnson, M.D.	27,500	6,011	33,511
Fred B. Miller	38,000	3,046	

Composition of Investment Securities Portfolio. The following table sets forth the carrying value of the Bank's investment securities portfolio at the dates indicated. For additional information, see Note 3 of the Notes to the Consolidated Financial Statements. At December 31, 2011, no one issuer of investment securities represented 10% or more of the Company's stockholders' equity.

	At December 31,		
	2011	2010	2009
	(Amounts in thousands)		
Securities Held to Maturity:			
State and political subdivisions	\$ 2,032	\$ 1,999	\$ 2,509
Securities Available for Sale:			
U.S. government-sponsored entities	1,011	2,925	3,232
Corporate debt obligations	1,486	1,585	1,508
Residential mortgage-backed securities	14,461	16,558	19,698
Collateralized mortgage obligations	1,594	2,152	3,809
Collateralized debt obligations	3,965	4,509	1,173
Total securities available for sale	22,517	27,730	29,420
Total	\$ 24,549	\$ 29,729	\$ 31,929



Investment Portfolio Maturities. The following table sets forth information regarding the scheduled maturities, amortized costs, estimated fair values, and weighted average yields for the Bank's investment securities portfolio at December 31, 2011 by contractual maturity. The following table does not take into consideration the effects of scheduled repayments or the effects of possible prepayments.

	At December 31, 2011														
	One Year or Less		One to Five Years		Five to Ten Years		More Than Ten Years		Total Investment Securities						
	Amort ized Cost	Average Yield	Amort ized Cost	Average Yield	Amort ized Cost	Average Yield	Amort ized Cost	Average Yield	Amort ized Cost	Average Yield	Fair Value				
	(Amounts in thousands, except yields)														
Securities Held to Maturity:															
State and political subdivisions	\$—	%	\$—	—	%	\$—	—	%	\$2,032	2.67	%	\$2,032	2.67	%	\$2,080
Securities Available for Sale:															
U.S. government sponsored entities	—	%	1,000	1.75	%	—	—	%	6	0.00	%	1,006	1.75	%	1,011
Corporate debt obligations	—		—	—		—	—		1,500	7.96		1,500	7.96		1,486
Residential mortgage- backed securities	—		—	—		943	4.08		12,754	4.44		13,697	4.42		14,461
Collateralized mortgage obligations	—		—	—		—	—		1,534	7.21		1,534	7.21		1,594
Collateralized debt obligations	—		—	—		—	—		5,556	2.00		5,556	2.00		3,965
Total securities available for sale	—		1,000	1.75		943	4.08		21,350	4.25		23,293	4.14		22,517
Total	\$—	%	\$1,000	1.75	%	\$943	4.08	%	\$23,382	4.11	%	\$25,325	4.02	%	\$24,597

## Sources of Funds

General. Deposits are the major external source of the Bank's funds for lending and other investment purposes. In addition to deposits, the Bank derives funds from the amortization, prepayment or sale of loans, maturities of investment securities and operations. Scheduled loan principal repayments are a relatively stable source of funds, while deposit inflows and outflows and loan prepayments are significantly influenced by general interest rates and market conditions.

Deposits. The Bank offers individuals and businesses a wide variety of accounts, including checking, savings, money market accounts, individual retirement accounts and certificates of deposit. Deposits are obtained primarily from communities that the Bank serves, however, the Bank held brokered deposits of \$22.9 million and \$70.1 million at December 31, 2011 and 2010, respectively. Brokered deposits are a more volatile source of funding than core deposits and do not increase the deposit franchise of the Bank. In a rising rate environment, the Bank may be unwilling or unable to pay a competitive rate. To the extent that such deposits do not remain with the Bank, they may need to be replaced with borrowings which could increase the Bank's cost of funds and negatively impact its interest rate spread, financial condition and results of operation. To mitigate the potential negative impact associated with brokered deposits, the Bank joined Promontory Interfinancial Network during 2007 to secure an additional alternative funding source. Promontory provides the Bank an additional source of external funds through their weekly CDARSTM settlement process. The rates are comparable to brokered deposits and can be obtained within a shorter period time than brokered deposits. The Bank's CDARSTM deposits included within the brokered deposit total amounted to \$22.9 million and \$18.8 million at December 31, 2011 and December 31, 2010, respectively.

The following tables detail the average amount, the average rate paid, and the percentage of each category to total deposits for the most recent three years ended December 31.

	Average Balance	2011 Yield/Rate	Percent of Total	
	(Amounts in thousands, except percentages)			
NOWs	\$15,972	0.95%	2.64	%
Money markets	90,860	1.06%	15.01	
Savings	197,069	1.22%	32.55	
Time deposits	234,068	1.52%	38.66	
Brokered CDs	44,101	1.82%	7.28	
Total interest-bearing deposits	582,070	1.35%	96.14	
Non-interest bearing demand deposits	23,357		3.86	
Total deposits	\$605,427		100.00	%

	Average Balance	2010 Yield/Rate	Percent of Total	
	(Amounts in thousands, except percentages)			
NOWs	\$ 12,936	1.19%	2.30	%
Money markets	89,866	1.16%	15.98	
Savings	150,008	1.46%	26.68	
Time deposits	203,238	1.98%	36.14	
Brokered CDs	86,235	2.53%	15.34	
Total interest-bearing deposits	542,283	1.77%	96.44	
Non-interest bearing demand deposits	20,040		3.56	
Total deposits	\$ 562,323		100.0	%

	Average Balance	2009 Yield/Rate	Percent of Total	
	(Amounts in thousands, except percentages)			
NOWs	\$ 10,945	1.41%	2.1	%
Money markets	70,533	1.46%	13.5	
Savings	104,586	2.11%	20.0	
Time deposits	181,866	3.14%	34.6	
Brokered CDs	136,168	3.36%	26.0	
Total interest-bearing deposits	504,098	2.71%	96.2	
Non-interest bearing demand deposits	21,488		3.8	
Total deposits	\$ 520,313		100.0	%

The following table indicates the amount of the Bank's certificates of deposit of \$100,000 or more by time remaining until maturity as of December 31, 2011.

Maturity Period	Certificates of Deposit (Amounts in thousands)
Within three months	\$ 17,869
Three through twelve months	60,164
Over twelve months	30,565
Total	\$ 108,598



Borrowings. Borrowings consist of reverse repurchase agreements, subordinated debt and advances from the FHLB and other parties. Reverse repurchase agreements were priced at origination and are payable in four years or less. Borrowings from the FHLB outstanding during 2011, 2010, and 2009 had maturities of ten years or less and cannot be prepaid without penalty.

The following table sets forth information regarding the Bank's borrowings:

	2011	December 31, 2010	2009
	(Amounts in thousands, except rates)		
Amount outstanding at year end	\$ 74,010	\$ 75,616	\$ 67,831
Weighted average interest rates at year end	1.39%	2.28%	2.74%
Maximum outstanding at any month end	\$ 74,010	\$ 81,634	\$ 67,831
Average outstanding	\$ 64,519	\$ 66,044	\$ 58,351
Weighted average interest rate during the year	2.10%	2.65%	3.51%

#### Subsidiary Activities

The largest subsidiary of the Company is the Bank. The Bank has a subsidiary, Parke Capital Markets, a corporation, which was formed in 2001 to generate fee income from capital markets financing activities, which include term financings. 44 Business Capital LLC was formed in 2009 for the purpose of originating and servicing Small Business Administration (SBA) loans. The Bank has a 51% ownership interest.

#### Personnel

At December 31, 2011, the Bank had 47 full-time and 11 part-time employees.

#### Regulation

General. Set forth below is a brief description of certain laws that relate to the regulation of the Bank and the Company. The description does not purport to be complete and is qualified in its entirety by reference to applicable laws and regulations.

#### Dodd-Frank Wall Street Reform and Consumer Protection Act

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. The Dodd-Frank Act is intended to affect a fundamental restructuring of federal banking regulation. Among other things, the Dodd-Frank Act created a new Financial Stability Oversight Council to identify systemic risks in the financial system and gives federal regulators new authority to take control of and liquidate financial firms. The Dodd-Frank Act additionally created a new independent federal regulator to administer federal consumer protection laws. The Dodd-Frank Act is expected to have a significant impact on our business operations as its provisions take effect. Among the provisions that are likely to affect us are the following:

**Holding Company Capital Requirements.** The Dodd-Frank Act required the Federal Reserve to apply consolidated capital requirements to depository institution holding companies that are no less stringent than those currently applied to depository institutions. Under these standards, trust preferred securities are excluded from Tier 1 capital unless such securities were issued prior to May 19, 2010 by a bank holding company with less than \$15 billion in assets. The Dodd-Frank Act additionally required



capital requirements to be countercyclical so that the required amount of capital increases in times of economic expansion and decreases in times of economic contraction, consistent with safety and soundness.

**Deposit Insurance.** The Dodd-Frank Act permanently increased the maximum deposit insurance amount for banks, savings institutions and credit unions to \$250,000 per depositor, and extended unlimited deposit insurance to non-interest bearing transaction accounts through December 31, 2012. The Dodd-Frank Act also broadened the base for FDIC insurance assessments. Assessments are now based on the average consolidated total assets less tangible equity capital of a financial institution. The Dodd-Frank Act required the FDIC to increase the reserve ratio of the Deposit Insurance Fund from 1.15% to 1.35% of insured deposits by 2020 and eliminated the requirement that the FDIC pay dividends to insured depository institutions when the reserve ratio exceeds certain thresholds. The Dodd-Frank Act also eliminated the federal statutory prohibition against the payment of interest on business checking accounts.

**Corporate Governance.** The Dodd-Frank Act required publicly traded companies to give stockholders a non-binding vote on executive compensation at their first annual meeting taking place six months after the date of enactment and at least every three years thereafter and on so-called “golden parachute” payments in connection with approvals of mergers and acquisitions unless previously voted on by shareholders. Additionally, the Dodd-Frank Act directs the federal banking regulators to promulgate rules prohibiting excessive compensation paid to executives of depository institutions and their holding companies with assets in excess of \$1.0 billion, regardless of whether the company is publicly traded or not. The Dodd-Frank Act gave the SEC authority to prohibit broker discretionary voting on elections of directors and executive compensation matters.

**Prohibition Against Charter Conversions of Troubled Institutions.** The Dodd-Frank Act prohibits a depository institution from converting from a state to federal charter or vice versa while it is the subject of a cease and desist order or other formal enforcement action or a memorandum of understanding with respect to a significant supervisory matter unless the appropriate federal banking agency gives notice of the conversion to the federal or state authority that issued the enforcement action and that agency does not object within 30 days. The notice must include a plan to address the significant supervisory matter. The converting institution must also file a copy of the conversion application with its current federal regulator which must notify the resulting federal regulator of any ongoing supervisory or investigative proceedings that are likely to result in an enforcement action and provide access to all supervisory and investigative information relating hereto.

**Interstate Branching.** The Dodd-Frank Act authorized national and state banks to establish branches in other states to the same extent as a bank chartered by that state would be permitted to branch. Previously, banks could only establish branches in other states if the host state expressly permitted out-of-state banks to establish branches in that state. Accordingly, banks will be able to enter new markets more freely.

**Limits on Derivatives.** Effective 18 months after enactment, the Dodd-Frank Act prohibits state-chartered banks from engaging in derivatives transactions unless the loans to one borrower limits of the state in which the bank is chartered takes into consideration credit exposure to derivatives transactions. For this purpose, derivative transaction includes any contract, agreement, swap, warrant, note or option that is based in whole or in part on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities securities, currencies, interest or other rates, indices or other assets.

Transactions with Affiliates and Insiders. The Dodd-Frank Act expanded the definition of affiliate for purposes of quantitative and qualitative limitations of Section 23A of the Federal Reserve Act to include mutual funds advised by a depository institution or its affiliates. The Dodd-Frank Act applies Section 23A and Section 22(h) of the Federal Reserve Act (governing transactions with insiders) to derivative transactions, repurchase agreements and securities lending and borrowing transaction that create credit exposure to an affiliate or an insider. Any such transactions with affiliates must be fully secured. The current exemption from Section 23A for transactions with financial subsidiaries has been eliminated. The Dodd-Frank Act also additionally prohibits an insured depository institution from purchasing an asset from or selling an asset to an insider unless the transaction is on market terms and, if representing more than 10% of capital, is approved in advance by the disinterested directors.

Debit Card Interchange Fees. Effective July 21, 2011, the Dodd-Frank Act required that the amount of any interchange fee charged by a debit card issuer with respect to a debit card transaction must be reasonable and proportional to the cost incurred by the issuer. While the restrictions on interchange fees do not apply to banks that, together with their affiliates, have assets of less than \$10 billion, the rule could affect the competitiveness of debit cards issued by smaller banks.

Consumer Financial Protection Bureau. The Dodd-Frank Act creates a new, independent federal agency called the Consumer Financial Protection Bureau (“CFPB”), which is granted broad rulemaking, supervisory and enforcement powers under various federal consumer financial protection laws, including the Equal Credit Opportunity Act, Truth in Lending Act, Real Estate Settlement Procedures Act, Fair Credit Reporting Act, Fair Debt Collection Act, the Consumer Financial Privacy provisions of the Gramm-Leach-Bliley Act and certain other statutes. The CFPB will have examination and primary enforcement authority with respect to depository institutions with \$10 billion or more in assets. Smaller institutions will be subject to rules promulgated by the CFPB but will continue to be examined and supervised by federal banking regulators for consumer compliance purposes. The CFPB will have authority to prevent unfair, deceptive or abusive practices in connection with the offering of consumer financial products. The Dodd-Frank Act authorizes the CFPB to establish certain minimum standards for the origination of residential mortgages including a determination of the borrower’s ability to repay. In addition, the Dodd-Frank Act will allow borrowers to raise certain defenses to foreclosure if they receive any loan other than a “qualified mortgage” as defined by the CFPB. The Dodd-Frank Act permits states to adopt consumer protection laws and standards that are more stringent than those adopted at the federal level and, in certain circumstances, permits state attorneys general to enforce compliance with both the state and federal laws and regulations.

#### Holding Company Regulation

General. The Company is a bank holding company within the meaning of the Bank Holding Company Act of 1956 (the “BHC Act”), and is regulated by the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”). The Federal Reserve Board has enforcement authority over the Company and the Company’s non-bank subsidiaries which also permits the Federal Reserve Board to restrict or prohibit activities that are determined to be a serious risk to the subsidiary bank. This regulation and oversight is intended primarily for the protection of the depositors of the Bank and not for shareholders of the Company.

As a bank holding company, the Company is required to file with the Federal Reserve Board an annual report and any additional information as the Federal Reserve Board may require under the BHC Act. The Federal Reserve Board will also examine the Company and its subsidiaries.



Subsidiary banks of a bank holding company are subject to certain restrictions imposed by the BHC Act on extensions of credit to the bank holding company or any of its subsidiaries, on investments in the stock or other securities of the bank holding company or its subsidiaries, and on the taking of such stock or securities as collateral for loans to any borrower. Furthermore, under amendments to the BHC Act and regulations of the Federal Reserve Board, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit or provision of credit or providing any property or services. Generally, this provision provides that a bank may not extend credit, lease or sell property, or furnish any service to a customer on the condition that the customer provide additional credit or service to the bank, to the bank holding company, or to any other subsidiary of the bank holding company or on the condition that the customer not obtain other credit or service from a competitor of the bank, the bank holding company, or any subsidiary of the bank.

Extensions of credit by the Bank to executive officers, directors, and principal shareholders of the Bank or any affiliate thereof, including the Company, are subject to Section 22(h) of the Federal Reserve Act, which among other things, generally prohibits loans to any such individual where the aggregate amount exceeds an amount equal to 15% of a bank's unimpaired capital and surplus, plus an additional 10% of unimpaired capital and surplus in the case of loans that are fully secured by readily marketable collateral.

Federal Securities Law. The Company's common stock is registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the Company is subject to the periodic reporting and other requirements of Section 12(b) of the 1934 Act, as amended.

Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act of 2002 (the "SOX Act") was enacted to address corporate and accounting fraud. The SEC has promulgated new regulations pursuant to the SOX Act and may continue to propose additional implementing or clarifying regulations as necessary in furtherance of the SOX Act. The passage of the SOX Act by Congress and the implementation of new regulations by the SEC subject publicly-traded companies to additional and more cumbersome reporting, regulations, and disclosure. Compliance with the SOX Act and corresponding regulations may increase the Company's expenses.

During 2010, the Company evaluated the effectiveness of the internal control over financial reporting based upon the framework in Internal Control- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon the evaluation performed by management in conjunction with an outside consultant, the Company concluded that the internal control over financial reporting (Sarbanes-Oxley Section 404 certification) was effective as of December 31, 2011. This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report is not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

## Regulation of the Bank

The Bank operates in a highly regulated industry. This regulation and supervision establishes a comprehensive framework of activities in which a bank may engage and is intended primarily for the protection of the deposit insurance fund and depositors and not shareholders of the Bank.

Any change in applicable statutory and regulatory requirements, whether by the New Jersey Department of Banking and Insurance, the Federal Deposit Insurance Corporation (the "FDIC") or the United States Congress, could have a material adverse impact on the Bank, and its operations. The adoption of regulations or the enactment of laws that restrict the operations of the Bank or impose burdensome requirements upon it could reduce its profitability and could impair the value of the Bank's franchise which could hurt the trading price of the Bank's stock.

As a New Jersey-chartered commercial bank, the Bank is subject to the regulation, supervision, and control of the New Jersey Department of Banking and Insurance. As an FDIC-insured institution, the Bank is subject to regulation, supervision and control of the FDIC, an agency of the federal government. The regulations of the FDIC and the New Jersey Department of Banking and Insurance affect virtually all activities of the Bank, including the minimum level of capital the Bank must maintain, the ability of the Bank to pay dividends, the ability of the Bank to expand through new branches or acquisitions and various other matters.

The FDIC and the New Jersey Department of Banking and Insurance Proposed Consent Orders. The FDIC and the New Jersey Department of Banking and Insurance have requested that the Bank enter into Consent Orders with such agencies. Under the proposed Consent Orders, the terms of which are substantially identical, the Bank would be required, among other things, subject to review and approval by the FDIC and the Department of Banking and Insurance: (i) to adopt and implement a plan to reduce the Bank's interest in delinquent or classified assets; (ii) to adopt and implement a program providing for a periodic independent review of the Bank's loan portfolio and the identification of problem credits; (iii) to revise the Bank's loan policies to address identified lending deficiencies; and (iv) to adopt and implement a program to reduce and manage each of the concentrations of credit identified by the FDIC and the Department of Banking and Insurance.

The proposed Consent Orders would also require the Bank to obtain the prior approval of the FDIC and the New Jersey Department of Banking and Insurance before declaring or paying any dividend or appointing or changing the title or responsibilities of any director or senior executive officer. Additional regulatory provisions will require FDIC prior approval before the Bank enters into any employment agreement or other agreement or plan providing for the payment of a "golden parachute payment" or the making of any golden parachute payment.

Federal Deposit Insurance. The Bank's deposits are insured to applicable limits by the FDIC. Under the Dodd-Frank Act, the maximum deposit insurance amount has been permanently increased from \$100,000 to \$250,000 and unlimited deposit insurance has been extended to non-interest-bearing transaction accounts until December 31, 2012. Prior to the Dodd-Frank Act, the FDIC had established a Temporary Liquidity Guarantee Program under which, for the payment of an additional assessment by insured banks that did not opt out, the FDIC fully guaranteed all non-interest-bearing transaction accounts until December 31, 2010 (the "Transaction Account Guarantee Program") and all senior unsecured debt of insured depository institutions or their qualified holding companies issued between October 14, 2008 and October 31, 2009, with the FDIC's guarantee expiring by December 31, 2012 (the "Debt Guarantee

Program”). The Company and the Bank did not opt out of the Debt Guarantee Program. The Bank did not opt out of the original Transaction Account Guarantee Program or its extension.

The FDIC has adopted a risk-based premium system that provides for quarterly assessments based on an insured institution’s ranking in one of four risk categories based on their examination ratings and capital ratios. Well-capitalized institutions with the CAMELS ratings of 1 or 2 are grouped in Risk Category I and, until 2009, were assessed for deposit insurance at an annual rate of between five and seven basis points with the assessment rate for an individual institution determined according to a formula based on a weighted average of the institution’s individual CAMELS component ratings plus either five financial ratios or the average ratings of its long-term debt. Institutions in Risk Categories II, III and IV were assessed at annual rates of 10, 28, and 43 basis points, respectively.

Starting in 2009, the FDIC significantly raised the assessment rate in order to restore the reserve ratio of the Deposit Insurance Fund to the statutory minimum of 1.15%. The FDIC imposed a special assessment equal to five basis points of assets less Tier 1 capital as of June 30, 2009 payable on September 30, 2009 and reserved the right to impose additional special assessments. In lieu of further special assessments, on November 12, 2009 the FDIC required all insured depository institutions to prepay their estimated risk-based assessments for the fourth quarter of 2009, and for all of 2010, 2011, and 2012 on December 30, 2009. For purposes of estimating future assessments, an institution would assume 5% annual growth in the assessment base and a three basis point increase in the current assessment rate for 2011 and 2012. The prepaid assessment would be applied against the actual assessment until exhausted. Any funds remaining after June 30, 2013 would be returned to the institution.

The Dodd-Frank Act required the FDIC to take such steps as necessary to increase the reserve ratio of the Deposit Insurance Fund from 1.15% to 1.35% of insured deposits by 2020. In setting the assessments, the FDIC is required to offset the effect of the higher reserve ratio against insured depository institutions with total consolidated assets of less than \$10 billion. The Dodd-Frank Act also broadens the base for FDIC insurance assessments so that assessments will be based on the average consolidated total assets less average tangible equity capital of a financial institution rather than on its insured deposits. The FDIC has adopted a new restoration plan to increase the reserve ratio to 1.15% by September 30, 2020 with additional rulemaking scheduled for 2011 regarding the method to be used to achieve a 1.35% reserve ratio by that date and offset the effect on institutions with assets less than \$10 billion in assets.

Pursuant to these requirements, the FDIC has adopted new assessment regulations that redefine the assessment base as average consolidated assets less average tangible equity. Insured banks with more than \$1.0 billion in assets must calculate quarterly average assets based on daily balances while smaller banks and newly chartered banks may use weekly averages. In the case of a merger, the average assets of the surviving bank for the quarter must include the average assets of the merged institution for the period in the quarter prior to the merger. Average assets would be reduced by goodwill and other intangibles. Average tangible equity will equal Tier 1 capital. For institutions with more than \$1.0 billion in assets average tangible equity will be calculated on a weekly basis while smaller institutions may use the quarter-end balance. Beginning April 1, 2011, the base assessment rate for insured institutions in Risk Category I ranged between 5 to 9 basis points and for institutions in Risk Categories II, III, and IV will be 14, 23 and 35 basis points. An institution’s assessment rate is reduced based on the amount of its outstanding unsecured long-term debt and for institutions in Risk Categories II, III and IV may be increased based on their brokered deposits. Risk Categories are eliminated for institutions with more than \$10 billion in assets which will be assessed at a rate between 5 and 35 basis points.

In addition, all FDIC-insured institutions are required to pay assessments to the FDIC to fund interest payments on bonds issued by the Financing Corporation (“FICO”), an agency of the Federal



government established to recapitalize the Federal Savings and Loan Insurance Corporation. The FICO assessment rates, which are determined quarterly, averaged 0.0165% of insured deposits on an annualized basis in fiscal year 2011. These assessments will continue until the FICO bonds mature in 2017.

**Capital Adequacy Guidelines.** Parke Bancorp (on a consolidated basis) and the Bank are subject to risk-based capital guidelines promulgated by the FDIC that are designed to make regulatory capital requirements more sensitive to differences in risk profile among banks, to account for off-balance sheet exposure, and to minimize disincentives for holding liquid assets. Under the guidelines, assets and off-balance sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items.

The minimum ratio of total capital to risk-weighted assets (including certain off-balance sheet activities, such as standby letters of credit) is 8%. At least 4% of the total capital is required to be "Tier I Capital," consisting of common shareholders' equity and qualifying preferred stock, less certain goodwill items and other intangible assets. The remainder ("Tier II Capital") may consist of (a) the allowance for loan losses of up to 1.25% of risk-weighted assets, (b) excess of qualifying preferred stock, (c) hybrid capital instruments, (d) perpetual debt, (e) mandatory convertible securities, and (f) qualifying subordinated debt and intermediate-term preferred stock up to 50% of Tier I capital. Total capital is the sum of Tier I and Tier II capital less reciprocal holdings of other banking organizations, capital instruments, investments in unconsolidated subsidiaries and any other deductions as determined by the FDIC (determined on a case-by-case basis or as a matter of policy after formal rule-making).

In addition to the risk-based capital guidelines, the FDIC has adopted a minimum Tier I capital (leverage) ratio, under which a bank must maintain a minimum level of Tier I capital to average total consolidated assets of at least 3% in the case of a bank that has the highest regulatory examination rating and is not contemplating significant growth or expansion. All other banks are expected to maintain a leverage ratio of at least 100 to 200 basis points above the stated minimum.

At December 31, 2011, the Bank had the requisite capital levels to qualify as "well capitalized."

Item 1A. Risk Factors

This item is not applicable as the Company is a "smaller reporting company."

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

(a) Properties.

The Company's and the Bank's main office is located in Washington Township, Gloucester County, New Jersey, in an office building of approximately 13,000 square feet. The main office facilities include teller windows, a lobby area, drive-through windows, automated teller machine, a night depository, and executive and administrative offices. In December 2002, the Bank executed its lease option to purchase the building for \$1.5 million.

The Bank also conducts business from a full-service office in Northfield, New Jersey, a full-service office in Washington Township, Gloucester County, New Jersey, a full-service office in



Philadelphia, Pennsylvania, and a full-service office in Galloway Township, NJ. These offices were opened by the Bank in September 2002, February 2003, August 2006 and May 2010, respectively. The Northfield office and the Philadelphia office are leased. The Washington Township office was purchased in February 2003. Management considers the physical condition of all offices to be good and adequate for the conduct of the Bank's business. At December 31, 2011, net property and equipment totaled approximately \$4.1 million.

On January 28, 2011 there was a fire at the Company's Washington Township branch. The branch is approximately 3.8 miles from the main office located at 601 Delsea Drive, Sewell, NJ. Management does not expect that customers will be adversely impacted due to the proximity of the main office location. The property was insured and the Company should not experience any financial loss due to the fire.

Item 3. Legal Proceedings

At December 31, 2011, the Company was not a party to any material legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable

PART II

Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) The information contained under the section captioned "Market Prices and Dividends" in the Company's 2011 Annual Report is incorporated herein by reference.

(b) Not applicable.

(c) There were no treasury stock repurchases during the fourth quarter of 2011.

Item 6. Selected Financial Data

The information contained under the section captioned "Selected Financial Data" in the 2011 Annual Report is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information contained in the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information contained in the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations — Interest Rate Sensitivity and Liquidity — Rate Sensitivity Analysis" in the Annual Report is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The Company's financial statements listed under Item 15 are incorporated herein by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Disclosure Controls and Procedures

Based on their evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), the Company's principal executive officer and principal financial officer have concluded that as of the end of the period covered by this Annual Report on Form 10-K such disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting

1. Management's Annual Report on Internal Control Over Financial Reporting.

Management's report on the Company's internal control over financial reporting appears in the Company's financial statements that are contained in the 2011 Annual Report filed as Exhibit 13 to this Annual Report on Form 10-K. Such report is incorporated herein by reference.

2. Changes in internal control over financial reporting.

During the last quarter of the year under report, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information contained under the headings "Section 16(a) Beneficial Ownership Reporting Compliance", "Proposal I - Election of Directors" and "Corporate Governance" in the Company's Proxy Statement for its 2012 Annual Meeting of Stockholders (the "Proxy Statement") is incorporated herein by reference.

The Company has adopted a Code of Ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. A copy of the Code of Ethics will be furnished without charge upon written request to the Chief Financial Officer, Parke Bancorp, Inc., 601 Delsea Drive, Washington Township, New Jersey, 08080.





There have been no material changes to the procedures by which security holders may recommend nominees to the Registrant’s Board of Directors since the date of the Registrant’s last proxy statement mailed to its stockholders.

Item 11. Executive Compensation

The information contained in the sections captioned “Executive Compensation” and “Director Compensation” in the Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

(a) Security Ownership of Certain Beneficial Owners

The information contained in the section captioned “Principal Holders of our Common Stock” in the Proxy Statement is incorporated herein by reference.

(b) Security Ownership of Management

The information contained in the sections captioned “Principal Holders of our Common Stock” and “Proposal I – Election of Directors” in the Proxy Statement is incorporated herein by reference.

(c) Management of the Registrant knows of no arrangements, including any pledge by any person of securities of the Registrant, the operation of which may at a subsequent date result in a change in control of the Registrant.

(d) Securities Authorized for Issuance Under Equity Compensation Plans

Set forth below is information as of December 31, 2011 with respect to compensation plans under which equity securities of the Registrant are authorized for issuance.

	( a )	( b )	( c ) Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))
	Number of Securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	
Equity compensation plans approved by shareholders	343,611	\$10.01	148,181
Total	343,611	\$10.01	148,181

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information contained in the sections captioned “Related Party Transactions” and “Corporate Governance” in the Proxy Statement is incorporated herein by reference.



Item 14. Principal Accountant Fees and Services

The information contained in the section captioned “Proposal II - Ratification of Appointment of Auditors” in the Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Listed below are all financial statements and exhibits filed as part of this report.

1. The following financial statements and the independent auditors’ report included in the Annual Report are incorporated herein by reference:

- Management’s Report on Internal Controls
  - Report of Independent Registered Public Accounting Firm
  - Consolidated Balance Sheets as of December 31, 2011 and 2010
  - Consolidated Statements of Income For the Years Ended December 31, 2011 and 2010
  - Consolidated Statements of Equity for the Years Ended December 31, 2011 and 2010
  - Consolidated Statements of Cash Flows for the Years Ended December 31, 2011 and 2010
  - Notes to Consolidated Financial Statements
2. Schedules omitted as they are not applicable.

3. The following exhibits are included in this Report or incorporated herein by reference:

- 3.1 Certificate of Incorporation of Parke Bancorp, Inc. (1)
- 3.2 Certificate of Amendment setting forth the terms of the Registrant’s Fixed Rate, Cumulative Perpetual Preferred Stock, Series A (2)
- 3.3 Bylaws of Parke Bancorp, Inc. (1)
- 4.1 Specimen stock certificate of Parke Bancorp, Inc. (1)
- 4.2 Specimen common stock purchase warrant of Parke Bancorp, Inc. (1)
- 4.3 Warrant to Purchase shares of the Registrant’s common stock, dated January 30, 2009. (2)
- 4.4 Letter Agreement (including Securities Purchase Agreement Standard Terms attached as Exhibit A) dated January 30, 2009 between the Registrant and the United States Department of the Treasury. (2)
- 10.1 Amended Employment Agreement Between Bancorp, Bank and Vito S. Pantilione (3)
- 10.2 Change in Control Agreement Between Bancorp, Bank and Elizabeth Milavsky, Paul Palmieri and David Middlebrook (3)

10.3	Supplemental Executive Retirement Plan (1)
10.4	1999 Stock Option Plan(1)
10.5	2002 Stock Option Plan(1)
10.6	2003 Stock Option Plan (1)
10.7	2005 Stock Option Plan (4)
13	Annual Report to Shareholders for the fiscal year ended December 31, 2011
21	Subsidiaries of the Registrant
23	Consent of McGladrey & Pullen, LLP
31.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of CEO & CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99	Certification of CEO and CFO pursuant to Section 111(b)(4) of EESA
101.INS	XBRL Instance Document *
101.SCH	XBRL Schema Document *
101.CAL	XBRL Calculation Linkbase Document *
101.LAB	XBRL Labels Linkbase Document *
101.PRE	XBRL Presentation Linkbase Document *
101.DEF	XBRL Definition Linkbase Document *

\*Submitted as Exhibits 101 to this Form 10-K are documents formatted in XBRL (Extensible Business Reporting Language). Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

- (1) Incorporated by reference to the Company's Registration Statement on Form S-4 filed with the SEC on January 31, 2005.
- (2) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 30, 2009.
- (3) Incorporated by reference to the Company's Current Report on Form 8- K filed with the SEC on November 29, 2007.
- (4) Incorporated by reference to the Company's Definitive Proxy Statement filed with the SEC on December 20, 2005.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

PARKE BANCORP, INC.

Dated: March 26, 2012

By: /s/ Vito S. Pantilione  
Vito S. Pantilione  
President, Chief Executive Officer and Director

Pursuant to the requirement of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 26, 2012.

Celestino R. Pennoni  
Chairman of the Board and Director

/s/ Vito S. Pantilione  
Vito S. Pantilione  
President, Chief Executive Office  
and Director

/s/ Fred G. Choate  
Fred G. Choate  
Director

Daniel J. Dalton  
Director

Arret F. Dobson  
Director

Thomas Hedenberg  
Director

/s/ Edward Infantolino  
Edward Infantolino  
Director

/s/ Anthony J. Jannetti  
Anthony J. Jannetti  
Director

/s/ Jeffrey H. Krippitz  
Jeffrey H. Krippitz  
Director

/s/ Richard Phalines  
Richard Phalines  
Director

/s/ Jack C. Sheppard, Jr.  
Jack C. Sheppard, Jr.  
Director

/s/ Ray H. Tresch  
Ray H. Tresch  
Director

/s/ John F. Hawkins  
John F. Hawkins  
Senior Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

