

May 10, 2001

Neoprobe Corporation

OTC: BB-NEOP- \$0.48

www.neoprobe.com

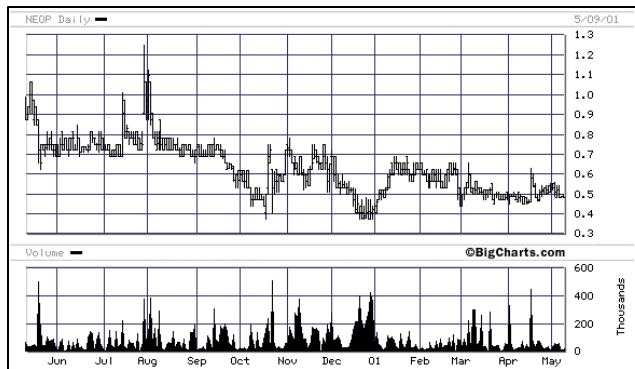
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1Q01 Results

Operating Margins Improve Despite Temporary Component Shortage That Delayed Sales

Current Data		EPS	FY: Dec	P/E
Current Price	\$ 0.48	2000	\$ 0.04	11.7
52-Week Range	1.25 -.38	2001E	\$ 0.03	18.0
Shares Out (Mill)	25.9	2002E	\$ 0.04	13.0
Ave Volume LTM	79,300	Valuation		LTM
Market Capitalization	\$ 12.4	P/E (Next FY)	18.0	29-(4)
LTD/Total Capital (est.)	1.5%	P/B	5.6	32-4
Institutional Holdings	3.0%	Price/Sales	1.4	4-1
Insider Holdings	29%	Operating Data		LTM
Book Value (est.)	\$ 0.09	Sales Growth	-35.5%	-4.4%
30Yr Bond	5.66%	EBITDA Margin	14.6%	0.0%
Oil/Barrel	\$ 28.25	Net Inc. Growth	210%	113.6%

Source: Baseline, Big Charts, and researchstock.com



Source: Big Charts

Key Investment Points

- 1Q01 EPS was \$0.00 versus a loss of \$0.03 in 1Q00.
- Sales were lower than expected due to a temporary component shortage that delayed some sales until 2Q01.
- New product development continues.
- NEOP was received three new patents and notice of allowance of three additional patents.

Company Description

Dublin, Ohio-based Neoprobe is dedicated to improving the diagnosis and treatment of cancer by the innovative use of gamma guided surgery. Neoprobe's main product is a gamma detection device used for a surgical procedure called intraoperative lymphatic mapping ("ILM") of the sentinel node. ILM is a minimally invasive technique for evaluating the potential spread of cancer to lymph nodes. Surgeons are using lymphatic mapping as a standard of care for patients with malignant melanoma and investigating its use with breast cancer. The company is developing strategic partnerships to commercialize products worldwide that are based on its proprietary radioimmuioguided surgery technology (RIGS®).

1Q01 Results: Preliminary View

Results for the first quarter improved over 1Q00, despite lower than expected sales. EPS for 1Q01 was \$0.00 versus a loss of \$0.03 in 1Q00. This was lower than our \$0.01 EPS forecast due mainly to a temporary disruption of component deliveries that caused sales to fall below our expectations.

Total revenues for the quarter were \$1.6 million versus 1.8 million in 1Q00. We estimate that unit sales (total revenues net of license fees) were almost \$1.4 million versus \$1.6 million in 1Q00, a decline of 13%. Part of this decline was expected as NEOP's original contract with Ethicon Endo-Surgery, Inc. ("EES") called for a new pricing structure in 2001. However, a delay in outsourced component deliveries caused some sales to be delayed until 2Q01 and resulted in the lower than expected unit sales.

NEOP's sales growth has slowed recently (see Figures 1 and 2) for three reasons:

- The shift from retail to wholesale pricing. Prior to the EES contract, NEOP sold "direct" at a retail price. Under the EES agreement (that started in 4Q99), NEOP now sells units to EES at a "wholesale" price.
- Sales growth in 4Q00 turned negative due to a difficult comparison with 4Q99 when sales benefited from the initial shipment of units and demo units to EES.
- As noted above, a component shortage delayed sales in 1Q01.

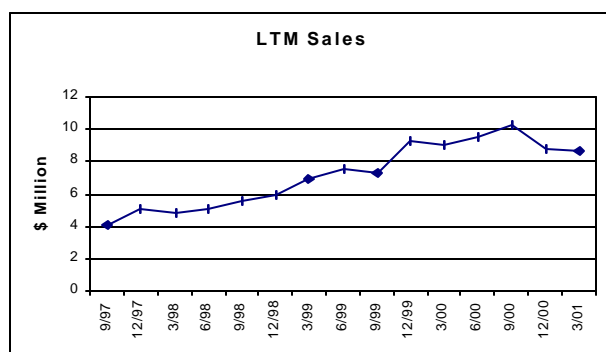


Figure 1

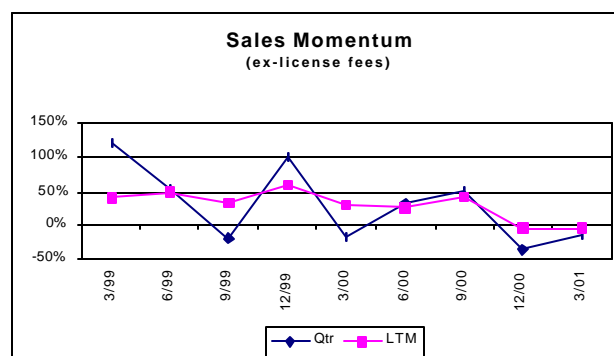


Figure 2

Despite lower sales, operating margins improved to 1.9% from -3.4% as lower operating costs offset a decline in the gross margin to 48.1% from 63.4%. A lower gross margin was expected due to the re-pricing of the EES contract, but actual results beat our forecast of 29.8%. R&D expenses fell dramatically as NEOP is reimbursed for certain of these expenses under the EES contract. Marketing expense dropped to zero, which is consistent with the trend during the last year, as EES assumed the marketing responsibility. General administrative expenses fell to 40.9% of sales from 41.6% in 1Q00 due to continued cost controls. As a result, NEOP posted net income of \$81,000 versus a net loss of \$27,000 in 1Q00. Figures 3 and 4 illustrate the longer-term trend in net income

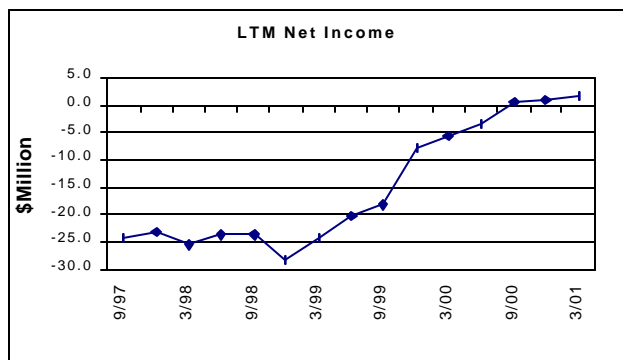


Figure 3

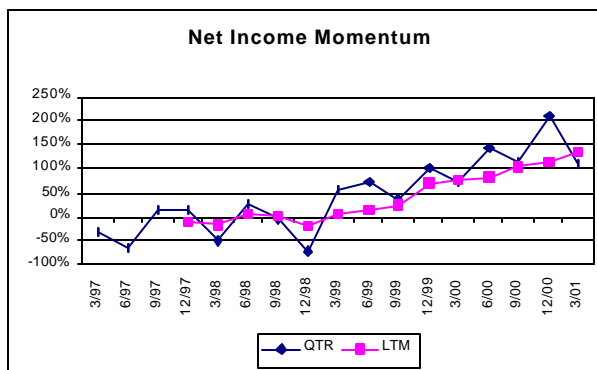


Figure 4

Table 1 compares the operating results for 1Q01 and 1Q00.

Table 1: Comparative Operating Results			
(\$Million)	1Q00	1Q01	
Revenues	1.856	1.619	-13%
COGS	0.838	0.948	13%
Gross Income	1.018	0.671	-34%
R&D	0.294	0.074	-75%
Marketing	0.111	0.000	-100%
Gen & Admin.	0.668	0.570	-15%
Operating Income (Loss)	-0.055	0.027	149%
Other, Net	0.028	0.054	93%
Net Income (Loss)	-0.027	0.081	400%
Loss-Retirement of prefdr Stk	-0.764		
Net to shareholders	-0.791	0.081	110%
Diluted EPS	\$ (0.03)	\$ 0.00	110%
Diluted Shares O/S	25.395	26.086	3%
Margin Analysis			
Gross	55%	41%	
Operating	-3%	2%	
Net to Shareholders	-43%	5%	

A more detailed analysis of 1Q01 results will be provided after the 10-Q is available.

Product Development

NEOP provided additional information on their efforts to widen the Company's product line:

Patient enrollment began in clinical evaluations of NEOP's proprietary lymphatic targeting agent.

NuRigs, Ltd. Submitted applications for regulatory approval to begin clinical evaluations of the colorectal RIGScan product (the NEOP has option licensed to them), but the FDA requested additional information.

NEOP received three new patents, including one for a laproscopic probe, and received notice of allowance for three additional patents.

New instrument products have reached the prototype stage and the Company is planning to begin the clinical evaluation.

Risk Consideration

Investors need to consider the following risks before investing:

The Company currently sells just one product (the ILM technology) with a growing number of attachments and supplies.

It is difficult to forecast future sales because detailed information is not disclosed. Our forecasts assume a modest steady growth, but actual sales levels could be more erratic and cause EPS to vary from our forecast.

While other uses are under development, the units are only widely used in the diagnosis and treatment of two primary types of cancer: melanoma and breast cancer. While the Company believes that its technology has significant advantages over other methods, broad-based acceptance will not occur until physicians outside major cancer centers and teaching hospitals adopt the ILM approach.

NEOP is highly dependent on EES, the company's exclusive distributor. EES is a subsidiary of Johnson & Johnson. EES has agreed to purchase a minimum quantity of NEOP products during the first three years (until late 2002) of the first five-year term of the agreement. However, there can be no assurances that EES will purchase product from NEOP in excess of the minimum or that such purchases will generate sufficient cash flow to finance NEOP's operations over the long term.

The Company has outsourced its manufacturing needs and is dependent on one supplier. While we think it was a good decision to outsource manufacturing, this does result in the risk that the supplier may devote resources to other clients and not meet the needs of NEOP.

The Company's balance sheet does not reflect any obligations of Neoprobe Israel. However, it is possible, in the event that proceeds from the liquidation of Neoprobe Israel do not fully satisfy its outstanding obligations, that creditors could seek to pursue claims against NEOP (referred to as "piercing the corporate veil"). If such claims were successful, NEOP would be required to pay creditors some or all of the amounts owed by Neoprobe Israel. Such payments would severely deplete NEOP's cash and may not be able to continue operations without seeking relief from creditors. However, management believes that the prospect that creditors would prevail if claims were brought against NEOP is remote. As such, NEOP has made no provision for such a contingent liability.

The shares are not very liquid and thus subject to volatility. Average daily volume for the last 50 days has been about 72,400 shares and 97,900 during the last 12 months.

The Company is not widely followed by Wall Street analysts. Consequently, it is possible that the stock could remain undervalued due to a lack of analyst support.

Investors should read the Company's SEC filings and consider their risk tolerance, cash needs, and investment time horizons before investing in this, and any small cap stock.

This report contains "forward looking" statements within the meaning of U.S. federal securities laws. Forward-looking statements regarding the Company's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence upon third party vendors; and other risks discussed in the Company's periodic report filings, including interim reports, with the Securities and Exchange Commission, By making these forward looking statements, researchstock.com, Inc. undertakes no obligation to update these statements for revisions or changes after the date of this report.

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