



**NEOGENOMICS, INC.
PRESS RELEASE**

FOR IMMEDIATE RELEASE

NeoGenomics Reports Third Quarter 2011 Results

30% Growth in Revenue, 40% of which fell to the Bottom Line

Ft. Myers, Florida – October 19, 2011 - NeoGenomics, Inc. (NASDAQ OTC BB: NGNM), a leading provider of cancer-focused genetic testing services today reported its results for the third quarter 2011.

Third Quarter 2011 Highlights:

- **30% revenue growth**
- **38% test volume growth**
- **Incremental profit of \$1,056,000, or 40% of the year-over-year revenue increase**
- **Net loss reduced to \$(0.00)/share from \$(0.03)/share in Q3 2010**
- **Positive Adjusted EBITDA⁽¹⁾ and operating income for the quarter**

Revenue for the third quarter 2011 was \$11.3 million, an increase of \$2.6 million, or 30%, from the \$8.7 million reported in the third quarter 2010. Test volume increased by approximately 38%. Average revenue per test of \$567 declined approximately 6% from last year's level, but was in line with the level reported in the second quarter of 2011.

Average cost of goods sold per test for the quarter improved by approximately 6% from last year and offset the reduction in average revenue per test. As a result, gross margin of 44.8% in the quarter was essentially unchanged from the 44.7% reported in last year's third quarter.

Selling, general and administrative (SG&A) expenses increased by 2.7%, or \$130,000, from last year's third quarter and SG&A as a percentage of revenue fell to 44.4% from 56.3% last year. Net loss for the quarter was \$143,000 or \$(0.00)/share versus a net loss of \$1,198,000 or \$(0.03)/share in the third quarter 2010. Adjusted EBITDA for the quarter increased by \$1.1 million to \$693,000 versus (\$398,000) in the third quarter 2010.

Doug VanOort, the Company's Chairman and CEO, commented, "For the second quarter in a row, we posted the largest year over year and sequential increases in quarterly revenue in our corporate history. We are especially pleased with the approximately \$850,000, or 8%, sequential

growth in revenue versus the second quarter as normal seasonal reductions were offset by strong organic growth. Continued increases in the number of new clients combined with additional work from existing clients is encouraging. Our focus on customer service, launch of innovative products and services, and deployment of extensive training and development programs has allowed our sales and marketing team to become more productive.”

Mr. VanOort continued, “We maintained good control of our costs and continued to realize significant operating leverage in the third quarter. Even as test volume grew by 38% year over year, total SG&A expense increased by only 2.7% and allowed 40% of our incremental revenue to drop to the bottom line. Although gross margin for the quarter remained short of our expectations, due mostly to the 6% decline in average unit prices, improvements in laboratory productivity helped reduce our average cost per test by 6%. We remain focused on initiatives to improve gross margin and we are reiterating our previous guidance that we expect to return to profitability in the fourth quarter.”

Mr. VanOort concluded, “We continue to invest in initiatives to grow our business. We are opening a small lab facility in Tampa, FL to attract additional laboratory technologists to help keep up with growth and to reduce the number of tests we have to send out. Our pace of new test development has increased markedly over previous years and we will have launched twelve new molecular genetic tests by year end. In addition, we have begun to expand our immunohistochemistry product line, and are investing in new capabilities for digital pathology and image analysis. We believe these initiatives, together with our sales, marketing, and business development programs, will allow us to continue a high level of revenue growth.”

The Company also issued preliminary guidance for the fourth quarter today. The Company expects revenue of approximately \$11.4 - \$12.0 million with positive Adjusted EBITDA and net income of \$0.00 to \$0.01 per share. The Company reserves the right to adjust this guidance at any time based on the ongoing execution of its business plan. Current and prospective investors are encouraged to perform their own due diligence before buying or selling any of the Company’s securities, and are reminded that the foregoing estimates should not be construed as a guarantee of future performance.

(1) Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and non-cash stock-based compensation expenses. See table for a reconciliation to net income.

Conference Call

The Company has scheduled a web-cast and conference call to discuss their Q3 2011 results on October 19, 2011, at 11:00 AM EDT. Interested investors should dial (877) 407-8033 (domestic) and (201) 689-8033 (international) at least five minutes prior to the call. A replay of the conference call will be available until 11:59 PM on November 2, 2011 and can be accessed by dialing (877) 660-6853 (domestic) and (201) 612-7415 (international). The playback account number is 380526 and the playback conference ID Number/PIN Number is 286. The web-cast may be accessed under the Investor Relations section of our website at <http://www.neogenomics.com> or <http://www.investorcalendar.com/IC/CEPage.asp?ID=165134>. An archive of the web-cast will be available until 11:59 PM EST on January 19, 2012.

About NeoGenomics, Inc.

NeoGenomics, Inc. is a high-complexity CLIA-certified clinical laboratory that specializes in cancer genetics diagnostic testing, the fastest growing segment of the laboratory industry. The company's testing services include cytogenetics, fluorescence in-situ hybridization (FISH), flow cytometry, morphology studies, anatomic pathology and molecular genetic testing. Headquartered in Fort Myers, FL, NeoGenomics has labs in Nashville, TN, Irvine, CA and Fort Myers and services the needs of pathologists, oncologists, urologists, and hospitals throughout the United States. For additional information about NeoGenomics, visit <http://www.neogenomics.com>.

Interested parties can also access investor relations material from Hawk Associates at <http://www.hawkassociates.com> or neogenomics@hawk.com and from Zack's Investment Research at <http://www.zacks.com> or scr@zacks.com.

Forward Looking Statements

Except for historical information, all of the statements, expectations and assumptions contained in the foregoing are forward-looking statements. These forward looking statements involve a number of risks and uncertainties that could cause actual future results to differ materially from those anticipated in the forward looking statements. Actual results could differ materially from such statements expressed or implied herein. Factors that might cause such a difference include, among others, the company's ability to continue gaining new customers, offer new types of tests, and otherwise implement its business plan. As a result, this press release should be read in conjunction with the company's periodic filings with the SEC.

For further information, please contact:

NeoGenomics, Inc.

Steven C. Jones
Director of Investor Relations
(239) 325-2001
sjones@neogenomics.com

Hawk Associates, Inc.

Ms. Julie Marshall
(305) 451-1888
neogenomics@hawkassociates.com

NeoGenomics, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

<u>ASSETS</u>	September 30, 2011	December 31, 2010
	<u>(unaudited)</u>	<u></u>
Cash, cash equivalents	\$ 2,649	\$ 1,097
Restricted Cash	500	500
Accounts Receivable (net of allowance for doubtful accounts of \$2,046 and \$1,459, respectively)	7,366	5,236
Other Current Assets	<u>1,798</u>	<u>1,905</u>
TOTAL CURRENT ASSETS	12,313	8,738
PROPERTY AND EQUIPMENT (net of accumulated depreciation of \$6,052 and \$4,568, respectively)	5,062	4,839
OTHER ASSETS	<u>110</u>	<u>74</u>
TOTAL	\$ <u>17,485</u>	\$ <u>13,651</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES	\$ 10,539	\$ 9,168
LONG TERM LIABILITIES	<u>1,586</u>	<u>1,348</u>
TOTAL LIABILITIES	12,125	10,516
STOCKHOLDERS' EQUITY	<u>5,360</u>	<u>3,135</u>
TOTAL	\$ <u>17,485</u>	\$ <u>13,651</u>

NeoGenomics, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	<u>For the Three-Months Ended</u> <u>September 30,</u>		<u>For the Nine-Months Ended</u> <u>September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
NET REVENUE	\$ 11,320	\$ 8,708	\$ 30,591	\$ 25,616
COST OF REVENUE	<u>6,246</u>	<u>4,818</u>	<u>16,996</u>	<u>13,737</u>
GROSS PROFIT	<u>5,074</u>	<u>3,890</u>	<u>13,595</u>	<u>11,879</u>
OPERATING EXPENSES				
General and administrative	3,307	2,919	9,217	8,590
Sales and marketing	<u>1,725</u>	<u>1,983</u>	<u>5,162</u>	<u>5,689</u>
Total operating expenses	5,032	4,902	14,379	14,279
INCOME (LOSS) FROM OPERATIONS	<u>42</u>	<u>(1,012)</u>	<u>(784)</u>	<u>(2,400)</u>
INTEREST AND OTHER INCOME (EXPENSE) - NET	<u>(185)</u>	<u>(186)</u>	<u>(545)</u>	<u>(526)</u>
NET LOSS	\$ <u>(143)</u>	\$ <u>(1,198)</u>	\$ <u>(1,329)</u>	\$ <u>(2,926)</u>
NET LOSS PER SHARE				
- Basic and diluted	\$ <u>(0.00)</u>	\$ <u>(0.03)</u>	\$ <u>(0.03)</u>	\$ <u>(0.08)</u>
WEIGHTED AVG NUMBER OF SHARES OUTSTANDING				
- Basic and diluted	<u>43,103,707</u>	<u>37,376,676</u>	<u>42,569,914</u>	<u>37,302,046</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
NET CASH USED IN OPERATING ACTIVITIES	\$ (1,170)	\$ (2,413)
NET CASH USED IN INVESTING ACTIVITIES	(338)	(813)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>3,060</u>	<u>3,150</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,552	(76)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,097	1,631
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,649</u>	<u>\$ 1,555</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 520</u>	<u>\$ 484</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 13</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment leased under capital lease and equipment loans	<u>\$ 1,255</u>	<u>\$ 1,419</u>

NeoGenomics, Inc.

RECONCILIATION OF GAAP NET LOSS TO NON-GAAP EBITDA AND ADJUSTED EBITDA
(in thousands)
(unaudited)

	For the Three-Months Ended		For the Nine-Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Net loss	\$ (143)	\$ (1,198)	\$ (1,329)	\$ (2,927)
<i>Adjustments to Net Loss:</i>				
Interest expense (income), net	185	179	545	513
Income tax expense	-	7	-	13
Depreciation and amortization	521	459	1,484	1,297
EBITDA	563	(553)	700	(1,104)
<i>Further Adjustments to EBITDA:</i>				
Non-cash stock-based compensation	130	155	378	508
Adjusted EBITDA	693	(398)	1,078	(596)

Non – GAAP Adjusted EBITDA Definition

“Adjusted EBITDA” is defined by NeoGenomics as net income (loss) from continuing operations before (i) interest expense, (ii) tax expense and therapeutic discovery tax grants, (iii) depreciation and amortization expense, (iv) non-cash stock-based compensation and warrant amortization expense and (v) other extraordinary or non-recurring charges. NeoGenomics believes that Adjusted EBITDA provides a more consistent measurement of operating performance and trends across reporting periods by excluding these cash and non-cash items of expense not directly related to ongoing operations from income. Adjusted EBITDA also assists investors in performing analysis that is consistent with financial models developed by research analysts.

Adjusted EBITDA as defined by NeoGenomics is not a measurement under GAAP and may differ from non-GAAP measures used by other companies. There are limitations inherent in non-GAAP financial measures such as Adjusted EBITDA because they exclude a variety of charges and credits that are required to be included in a GAAP presentation, and do not therefore present the full measure of NeoGenomics recorded costs against its net revenue. Accordingly, investors should consider non-GAAP results together with GAAP results in analyzing NeoGenomics financial performance.

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Supplemental Information on Customer Requisitions Received and Tests Performed

(in thousands, except test and requisition amount)

	For the Three- Months Ended September 30, 2011	For the Three- Months Ended September 30, 2010	% Inc (Dec)	For the Nine- Months Ended September 30, 2011	For the Nine- Months Ended September 30, 2010	% Inc (Dec)
Requisitions Rec'd (cases)	12,857	9,677	32.9%	34,995	28,833	21.4%
Number of Tests Performed	19,977	14,477	38.0%	53,731	42,983	25.0%
Avg. # of Tests / Requisition	1.55	1.50	3.9%	1.54	1.49	3.0%
Total Testing Revenue	\$11,320	\$8,708	30.0%	\$30,591	\$25,616	19.4%
Avg. Revenue/Requisition	\$ 880.47	\$ 899.82	(2.2%)	\$ 874.15	\$ 888.42	(1.6%)
Avg. Revenue/Test	\$ 566.66	\$ 601.48	(5.8%)	\$ 569.33	\$ 595.95	(4.5%)
