



**NEOGENOMICS, INC.  
PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

**NeoGenomics Reports Fourth Quarter and Full Year 2010 Results**

**Ft. Myers, Florida – February 10, 2011 - NeoGenomics, Inc. (NASD OTC BB: NGNM)**, a leading provider of cancer-focused genetic testing services, today reported its results for the fourth quarter 2010 and fiscal year ended December 31, 2010.

**Fourth Quarter 2010 Highlights:**

- **Revenue growth of 12%**
- **Adjusted EBITDA positive**
- **Average revenue per test stabilized**
- **Diluted loss per share of \$(0.01)**

Revenue for the fourth quarter 2010 was approximately \$8.8 million, a 12% increase over fourth quarter 2009 revenue of \$7.8 million. Test volume increased by approximately 13% and average revenue per test stabilized around the same levels as in fourth quarter 2009. Requisitions increased by approximately 12% while average number of tests per case remained nearly the same as in the prior year. After adjusting for the internalization of certain tests by one large client, revenue and test volume growth from all other clients grew by 17% and 20%, respectively.

Total selling, general and administrative (SG&A) expenses decreased by approximately \$600,000 or 12% from last year's fourth quarter. Sales and marketing spending continued at a rate of over 20% of revenue, however total sales and marketing expenses in this year's fourth quarter decreased by approximately \$200,000 or 12% from the same period last year, primarily as a result of the inclusion of severance cost in last year's results. General and administrative expenses decreased by approximately \$400,000 or 12% from the fourth quarter 2009 primarily due to a decline in bad debt, recruiting, and research and development expenses. After adjusting for the extra \$500,000 of severance, recruiting and additional bad debt costs recorded in the fourth quarter 2009, total SG&A expenses decreased by approximately 2% on a year over year basis.

The company was awarded a \$374,000 Therapeutic Discovery grant in the fourth quarter which is reported in other income. Net loss for the quarter was (\$377,000) or (\$0.01)/share versus a net loss of (\$1,529,000) or (\$0.04)/share in last year's fourth quarter.

For the full year 2010, revenue was approximately \$34.4 million, a 17% increase over 2009 revenue of \$29.5 million. Test volume increased by approximately 26% and average revenue per test decreased by 7%. The reduction in average revenue per test was due primarily to contracts signed with three managed care organizations over the last eighteen months that have lower average-unit pricing. After adjusting for the internalization of certain testing by one large client, revenue and test volume growth from all other clients was approximately 25% and 36%, respectively.

Gross margin fell to 45.9% of revenue in 2010 from 51.6% in 2009 primarily due to the full year decreases in average revenue per test. Sales and marketing expenses increased by approximately \$600,000 or 9% in 2010. General and administrative expenses increased by approximately \$1.2 million or 12% in 2010. Despite these increases in selling general and administrative expenses, total SG&A expenses as a percentage of revenue declined from approximately 57.5% in 2009 to approximately 54.5% in 2010. Net loss in 2010 was approximately (\$3.3) million or (\$0.09)/share versus a net loss of (\$2.2) million or (\$0.06)/share in 2009.

Douglas VanOort, Chairman and Chief Executive Officer, stated “We experienced many headwinds in 2010 that impacted our revenue growth and our profitability. Despite these headwinds, we grew our core revenue faster than many in our laboratory peer group. In addition, the quality of our service to clients is outstanding and our recent cost cutting initiatives and productivity enhancements are starting to pay dividends. I am particularly pleased that we saw a healthy incremental increase in operating income on our fourth quarter revenue increase. We also reported positive Adjusted EBITDA in the fourth quarter for the first time all year.”

Mr. VanOort continued, “We are in a stronger position than we have ever been moving into 2011. We have a firm control on costs and are aggressively implementing many sales and marketing initiatives to improve sales force productivity. We continue to believe that the flexibility of our tech-only service offering positions us well to assist clients navigating the rapidly changing health care environment. With the managed care contracting process largely behind us, modestly favorable average Medicare reimbursement rates for our mix of business in 2011, and successful implementation of our sales & marketing initiatives, we believe revenue growth momentum will increase as we move further into the year. Although the severe weather in much of the country is impacting our first quarter trends, we are re-iterating our previously issued guidance for 2011 of \$41-45 million of revenue, \$3-5 million of Adjusted EBITDA, and a return to quarterly profitability later in 2011.”

## **Conference Call**

The Company has scheduled a webcast and conference call to discuss their Q4 and full year 2010 results at 11:00 AM EST today. 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 February 25, 2011 and can be accessed by dialing (877) 660-6853 (domestic) and (201) 612-7415 (international). The playback account number is 366906 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=163387>. An archive of the web-cast will be available until 11:59 PM EST on May 11, 2011.

## **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>.

For more news and information on NeoGenomics, interested parties can also access additional investor relations material, including an investment profile and an equity research report, from Hawk Associates at <http://www.hawkassociates.com> or from the American Microcap Institute at <http://www.americanmicrocapinstitute.com/ngnm/>.

## **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:**

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**NeoGenomics, Inc.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**In thousands**  
**(unaudited)**

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| <b><u>ASSETS</u></b>                                                                                   | <b>December 31,</b><br><b>2010</b> | <b>December 31,</b><br><b>2009</b> |
|--------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Cash, cash equivalents</b>                                                                          | \$ 1,097                           | \$ 1,631                           |
| <b>Restricted Cash</b>                                                                                 | 500                                | 1,000                              |
| <b>Accounts Receivable</b> (net of allowance for doubtful accounts of \$1,459 and \$589, respectively) | 5,236                              | 4,632                              |
| <b>Other Current Assets</b>                                                                            | <u>1,905</u>                       | <u>1,257</u>                       |
| <b>TOTAL CURRENT ASSETS</b>                                                                            | 8,738                              | 8,520                              |
| <b>PROPERTY AND EQUIPMENT</b> (net of accumulated depreciation of \$4,568 and \$2,787, respectively)   | 4,839                              | 4,340                              |
| <b>OTHER ASSETS</b>                                                                                    | <u>74</u>                          | <u>85</u>                          |
| <b>TOTAL</b>                                                                                           | \$ <u><u>13,651</u></u>            | \$ <u><u>12,945</u></u>            |
| <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>                                                     |                                    |                                    |
| <b>CURRENT LIABILITIES</b>                                                                             | \$ 9,168                           | \$ 5,776                           |
| <b>LONG TERM LIABILITIES</b>                                                                           | <u>1,348</u>                       | <u>1,526</u>                       |
| <b>TOTAL LIABILITIES</b>                                                                               | 10,516                             | 7,302                              |
| <b>STOCKHOLDERS' EQUITY</b>                                                                            | <u>3,135</u>                       | <u>5,643</u>                       |
| <b>TOTAL</b>                                                                                           | \$ <u><u>13,651</u></u>            | \$ <u><u>12,945</u></u>            |

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**NeoGenomics, Inc.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**In thousands, except share and per share amounts**  
**(unaudited)**

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|                                                                          | For the<br>Three-<br>Months<br>Ended<br>December<br>31, 2010 | For the<br>Three-<br>Months<br>Ended<br>December<br>31, 2009 | For the<br>Year<br>Ended<br>December<br>31, 2010 | For the<br>Year<br>Ended<br>December<br>31, 2009 |
|--------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <b>REVENUE</b>                                                           | \$ 8,755                                                     | \$ 7,799                                                     | \$ 34,371                                        | \$ 29,469                                        |
| <b>COST OF REVENUE</b>                                                   | <u>4,851</u>                                                 | <u>4,107</u>                                                 | <u>18,588</u>                                    | <u>14,254</u>                                    |
| <b>GROSS PROFIT</b>                                                      | <u>3,904</u>                                                 | <u>3,692</u>                                                 | <u>15,783</u>                                    | <u>15,215</u>                                    |
| <b>OPERATING EXPENSES:</b>                                               |                                                              |                                                              |                                                  |                                                  |
| General and administrative                                               | 2,677                                                        | 3,044                                                        | 11,267                                           | 10,057                                           |
| Sales and marketing                                                      | <u>1,790</u>                                                 | <u>2,036</u>                                                 | <u>7,479</u>                                     | <u>6,886</u>                                     |
| Total selling, general and administrative                                | 4,467                                                        | 5,080                                                        | 18,746                                           | 16,943                                           |
| Loss from operations                                                     | (563)                                                        | (1,388)                                                      | (2,963)                                          | (1,728)                                          |
| Other income (expense), net                                              | <u>186</u>                                                   | <u>(141)</u>                                                 | <u>(340)</u>                                     | <u>(515)</u>                                     |
| <b>NET LOSS</b>                                                          | \$ <u>(377)</u>                                              | \$ <u>(1,529)</u>                                            | \$ <u>(3,303)</u>                                | \$ <u>(2,243)</u>                                |
| <b>NET LOSS PER SHARE</b> - Basic and Diluted                            | \$ <u>(0.01)</u>                                             | \$ <u>(0.04)</u>                                             | \$ <u>(0.09)</u>                                 | \$ <u>(0.06)</u>                                 |
| <b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b> - Basic and Diluted | <u>37,410,996</u>                                            | <u>37,177,331</u>                                            | <u>37,328,940</u>                                | <u>34,638,502</u>                                |

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**NeoGenomics, Inc.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**In thousands**  
**(unaudited)**

|                                                                                | For the<br>Year Ended<br>December 31,<br>2010 | For the<br>Year Ended<br>December 31,<br>2009 |
|--------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                                   | \$ (2,052)                                    | \$ (1,500)                                    |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                   | (916)                                         | (964)                                         |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>                               | <u>2,434</u>                                  | <u>3,627</u>                                  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                    | (534)                                         | 1,163                                         |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>                          | <u>1,631</u>                                  | <u>468</u>                                    |
| <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>                                | <u>\$ 1,097</u>                               | <u>\$ 1,631</u>                               |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>                       |                                               |                                               |
| Interest paid                                                                  | \$ <u>661</u>                                 | \$ <u>464</u>                                 |
| Income taxes paid                                                              | \$ <u>15</u>                                  | \$ <u>-</u>                                   |
| <b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b> |                                               |                                               |
| Common stock issued for the purchase of assets                                 | \$ <u>-</u>                                   | \$ <u>186</u>                                 |
| Equipment leased under capital leases                                          | <u>\$ 1,708</u>                               | <u>\$ 1,777</u>                               |

**NeoGenomics, Inc.**

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

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|                                        | <b>For the Three-Months Ended</b> |                 | <b>For the Year Ended December</b> |                 |
|----------------------------------------|-----------------------------------|-----------------|------------------------------------|-----------------|
|                                        | <b>December 31,</b>               |                 | <b>31,</b>                         |                 |
|                                        | <b>2010</b>                       | <b>2009</b>     | <b>2010</b>                        | <b>2009</b>     |
| <b>Net loss</b>                        | \$ (377)                          | \$ (1,529)      | \$ (3,303)                         | \$ (2,243)      |
| <i>Adjustments to Net Loss:</i>        |                                   |                 |                                    |                 |
| Interest expense (income), net         | 187                               | 141             | 700                                | 516             |
| Therapeutic discovery grant tax credit | (374)                             | -               | (374)                              | -               |
| Income tax expense                     | 2                                 | -               | 15                                 | -               |
| Depreciation and amortization          | 483                               | 371             | 1,780                              | 1,184           |
| <b>EBITDA</b>                          | <b>(79)</b>                       | <b>(1,017)</b>  | <b>(1,182)</b>                     | <b>(543)</b>    |
| <i>Further Adjustments to EBITDA:</i>  |                                   |                 |                                    |                 |
| Non-cash stock-based compensation      | 108                               | 96              | 616                                | 440             |
| <b>Adjusted EBITDA</b>                 | <b>\$ 29</b>                      | <b>\$ (921)</b> | <b>\$ (566)</b>                    | <b>\$ (103)</b> |

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**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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**NeoGenomics, Inc.**

**Supplemental Information on Customer Requisitions Received and Tests Performed**

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|                           | For the<br>Three-<br>Months<br>Ended<br>December<br>31, 2010 | For the<br>Three-<br>Months<br>Ended<br>December<br>31, 2009 | % Inc<br>(Dec) | For the<br>Year<br>Ended<br>December<br>31, 2010 | For the<br>Year<br>Ended<br>December<br>31, 2009 | % Inc<br>(Dec) |
|---------------------------|--------------------------------------------------------------|--------------------------------------------------------------|----------------|--------------------------------------------------|--------------------------------------------------|----------------|
| Cases Received            | 9,610                                                        | 8,573                                                        | 12.1%          | 38,443                                           | 31,638                                           | 21.5%          |
| Number of Tests Performed | 14,349                                                       | 12,714                                                       | 12.9%          | 57,332                                           | 45,675                                           | 25.5%          |
| Avg. # of Tests / Case    | 1.49                                                         | 1.48                                                         | 0.7%           | 1.49                                             | 1.44                                             | 3.5%           |
| Total Testing Revenue     | \$8,755,000                                                  | \$7,799,000                                                  | 12.3%          | \$34,371,000                                     | \$29,469,000                                     | 16.6%          |
| Avg Revenue/Case          | \$ 911.06                                                    | \$ 909.76                                                    | 0.1%           | \$ 894.08                                        | \$ 931.44                                        | (4.0%)         |
| Avg Revenue/Test          | \$ 610.17                                                    | \$ 613.45                                                    | (0.5%)         | \$ 599.51                                        | \$ 645.19                                        | (7.1%)         |

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