

NEOPROBE CORP
Form 424B3
August 21, 2009

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-150650

PROSPECTUS SUPPLEMENT

Number 3

to

Prospectus dated January 9, 2009, and Prospectus Supplements dated April 13, 2009, and
May 18, 2009

of

NEOPROBE CORPORATION

20,166,666 Shares of Common Stock

This Prospectus Supplement relates to the sale of up to 20,166,666 shares of Neoprobe Corporation common stock (the "Shares"). The Shares are being registered to permit public secondary trading of the shares that are being offered by the selling stockholder named in the prospectus. We are not selling any of the Shares in this offering and therefore will not receive any proceeds from this offering.

This Prospectus Supplement No. 3 includes: (1) an updated table of Security Ownership of Certain Beneficial Owners and Management reflecting the increased beneficial ownership of Neoprobe Corporation (the "Company") common stock by Platinum-Montaur Life Sciences, LLC ("Montaur") following the waiver by Montaur of provisions of the Company's (a) Series Y Warrant issued to Montaur on December 5, 2008, (b) Series A Note issued to Montaur on December 26, 2007, and (c) Series B Note issued to Montaur on April 16, 2008, which limited the beneficial ownership of more than 4.99% of the Company's common stock by Montaur; and (2) the attached Quarterly Report on Form 10-Q (the "Form 10-Q") of the Company for the quarter ended June 30, 2009, filed by the Company with the Securities and Exchange Commission on August 14, 2009. The exhibits to the Form 10-Q are not included with this Prospectus Supplement No. 3 and are not incorporated by reference herein. This Prospectus Supplement No. 3 should be read in conjunction with the prospectus supplements dated April 13, 2009, and May 18, 2009.

Our common stock is traded on the OTC Bulletin Board under the symbol "NEOP."

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus Supplement No. 3 is August 19, 2009.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT

The following table sets forth, as of August 19, 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) our Chief Executive Officer and our other two highest paid executive officers during the last fiscal year, and (iv) our directors and executive officers as a group.

Beneficial Owner	Number of Shares Beneficially Owned (*)		Percent of Class (**)
Carl J. Aschinger, Jr.	351,145	(a)	(n)
Reuven Avital	445,256	(b)	(n)
Anthony K. Blair	253,763	(c)	(n)
Kirby I. Bland, M.D.	195,000	(d)	(n)
David C. Bupp	6,930,309	(e)	8.5%
Frederick O. Cope, Ph.D.	-	(f)	(n)
Owen E. Johnson, M.D.	65,000	(g)	(n)
Brent L. Larson	687,414	(h)	1.0%
Fred B. Miller	376,000	(i)	(n)
Gordon A. Troup	25,000	(j)	(n)
J. Frank Whitley, Jr.	276,500	(k)	(n)
All directors and officers as a group (13 persons)	10,148,443	(l)(o)	12.0%
Platinum-Montaur Life Sciences, LLC	6,957,708	(m)	8.8%

(*) 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 August 19, 2009, plus the number of shares the person has the right to acquire within 60 days of August 19, 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 170,000 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 75,000 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 1,606,667 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, 213,746 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 10,000 shares issuable upon exercise of options which are not exercisable within 60 days.
- (k) This amount includes 245,000 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 3,831,666 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, 295,891 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 603,334 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) Based on information filed on Schedule 13G with the Securities and Exchange Commission on August 18, 2009. The number of shares beneficially owned by Platinum-Montaur Life Sciences, LLC (“Montaur”), 152 W. 57th Street, 54th Floor, New York, NY 10019 includes 3,155,681 shares issuable upon exercise of a Series Y Warrant issued to Montaur on December 5, 2008 (the “Series Y Warrant”) to be exercised on or before September 30, 2009, but it does not include 17,061,538 shares of common stock issuable upon conversion of a 10% Series A Convertible Senior Secured Promissory Note issued to Montaur on December 26, 2007, as amended (the “Series A Note”), 8,333,333 shares of common stock issuable upon conversion of a 10% Series B Convertible Senior Secured Promissory Note issued to Montaur on April 16, 2008 (the “Series B Note”), 6,000,000 shares of common stock issuable upon conversion of 3,000 shares Series A 8% Cumulative Convertible Preferred Stock issued to Montaur on December 5, 2008 (the “Preferred Stock”), 6,000,000 shares of common stock issuable upon exercise of a Series W Warrant issued to Montaur on December 26, 2007, as amended (the “Series W Warrant”), 8,333,333 shares of common stock issuable upon exercise of a Series X Warrant issued to Montaur on April 16, 2008 (the “Series X Warrant”), and 2,400,000 shares of common stock issuable upon exercise of a Series AA Warrant issued to Montaur on July 24, 2009 (the “Series AA Warrant”). The Certificates of Designation of the Preferred Stock, the Series A Note, the Series B Note, the Series W Warrant, the Series X Warrant and the Series AA Warrant each provide that the holder of shares of the Preferred Stock, the Series A Note, the Series B Note, the Series W Warrant, the Series X Warrant and the Series AA Warrant, respectively, may not convert any of the preferred stock or notes or exercise any of the warrants to the extent that such conversion or exercise would result in the holder and its affiliates together beneficially owning more than 4.99% or 9.99% of the outstanding shares of Common Stock, except on 61 days’ prior written notice to Neoprobe that the holder waives such limitation. Effective September 23, 2009, the 4.99% limitation, however, does not apply to shares of Common Stock issued as a dividend on the Preferred Stock or shares of Common Stock issued as interest on the Series A Note or the Series B Note.
- (n) Less than one percent.
- (o) The address of all directors and executive officers is c/o Neoprobe Corporation, 425 Metro Place North, Suite 300, Dublin, Ohio 43017-1367.
-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 0-26520

NEOPROBE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 31-1080091
(State or other jurisdiction of incorporation or (IRS Employer Identification No.)
organization)

425 Metro Place North, Suite 300, Dublin, Ohio 43017-1367
(Address of principal executive offices) (Zip Code)

(614) 793-7500
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Edgar Filing: NEOPROBE CORP - Form 424B3

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 76,068,106 shares of common stock, par value \$.001 per share (as of the close of business on August 7, 2009).

NEOPROBE CORPORATION and SUBSIDIARIES

INDEX

PART I – Financial Information		
Item 1.	Financial Statements	3
	Consolidated Balance Sheets as of June 30, 2009 (unaudited) and December 31, 2008	3
	Consolidated Statements of Operations for the Three-Month and Six-Month Periods Ended June 30, 2009 and June 30, 2008 (unaudited)	5
	Consolidated Statement of Stockholders’ Deficit for the Six-Month Period Ended June 30, 2009 (unaudited)	6
	Consolidated Statements of Cash Flows for the Six-Month Periods Ended June 30, 2009 and June 30, 2008 (unaudited)	7
	Notes to the Consolidated Financial Statements (unaudited)	8
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	24
	Forward-Looking Statements	24
	The Company	24
	Product Line Overview	24
	Results of Operations	27
	Liquidity and Capital Resources	29
	Recent Accounting Developments	32
	Critical Accounting Policies	34
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	36
Item 4T.	Controls and Procedures	36
PART II – Other Information		
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 4.	Submission of Matters to a Vote of Security Holders	38
Item 6.	Exhibits	39

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Neoprobe Corporation and Subsidiaries
Consolidated Balance Sheets

	June 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash	\$ 3,133,041	\$ 3,565,837
Available-for-sale securities	-	495,383
Accounts receivable, net	1,146,541	1,644,070
Inventory	1,111,412	961,861
Prepaid expenses and other	478,417	573,573
Total current assets	5,869,411	7,240,724
Property and equipment	2,107,647	2,060,588
Less accumulated depreciation and amortization	1,749,666	1,669,796
		