



**NEOGENOMICS, INC.  
PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

**NeoGenomics Reports Fourth Quarter and Full Year 2009 Results**

*New Melanoma FISH Test Launched in February*

**Ft. Myers, Florida – February 25, 2010 - NeoGenomics, Inc. (NASDAQ OTC BB: NGNM)**, a leading provider of cancer-focused genetic testing services today reported its results for the fourth quarter 2009 and fiscal year ended December 31, 2009.

**Fourth Quarter 2009 Highlights:**

- **Revenue increase of 32% versus Q4 08 to \$7.8 million**
- **Revenue growth rate of 60% after adjusting for in-sourcing by one large customer**
- **34% increase in number of tests performed versus Q4 08**
- **Avg. number of tests/case increased 13% to 1.48 versus 1.31 in Q4 08**

**Fiscal Year 2009 Highlights:**

- **Revenue increase of 47% versus FY 08 to \$29.5 million**
- **Revenue growth rate of 70% after adjusting for in-sourcing by one large customer**
- **40% increase in the number of tests performed versus 2008**

For the fourth quarter 2009, revenue was \$7.8 million, a 32% increase over fourth quarter 2008 revenue of \$5.9 million. Revenue increases were driven by significant growth in all key testing services. Revenue grew by 60% after adjusting for the adverse impact caused by the internalization of bladder cancer FISH testing by the Company's largest customer beginning in mid 2009. Requisitions increased by approximately 19% while average revenue/requisition increased by 11%.

The company continued to aggressively invest in growth. Sales and marketing expenses increased by approximately \$1.0 million or 100%, driven by significant additions in the size of the sales force and in marketing capabilities. As was previously disclosed, NeoGenomics recorded approximately \$500,000 in certain restructuring and other charges in Q4 09 and \$933,000 of special charges in Q4 08. After adjusting for these special charges, general and administrative expenses increased by approximately 34% primarily due to our investment in the new Melanoma FISH test. Net loss for the quarter was (\$1,529,000) or (\$0.04)/share versus a net loss of (\$994,000) or (\$0.03)/share in Q4 08.

For the full year 2009, revenue was \$29.5 million, a 47 percent increase over 2008 revenue of \$20.0 million. Requisitions increased by approximately 28% while average revenue/requisition increased by 15% primarily as a result of a 10% increase in the number of tests per case and favorable

changes in our test mix. Sales and marketing expenses increased by approximately \$3.5 million or 105% in 2009. General and administrative expenses increased by approximately \$1.9 million or 23%, but G&A expenses as a percentage of revenue declined from approximately 41% in 2008 to approximately 34% in 2009. Net loss in 2009 was (\$2.2) million or (\$0.06)/share versus a net loss of (\$1.4) million or (\$0.04)/share in 2008.

NeoGenomics also announced that it has completed the validation study for its new laboratory developed melanoma FISH test, which has been branded MelanoSITE™. In the study, NeoGenomics analyzed over 500 biopsy specimens of known melanoma, normal and dysplastic nevi cases using four specific DNA probes. Based on this validation study, the specificity (a measure of true negatives/false positives) was determined to be 97% and the sensitivity (a measure of true positives/false negatives) was determined to be 77%. The MelanoSITE™ test was launched in mid February with the NeoGenomics' sales force, and it is in the process of being launched through Aurora Diagnostics, Dermatopathology Laboratory of Central States ("DLCS") and Path Logic, each of whom cooperated with us in the validation study. The Company anticipates that each of these laboratories will offer the MelanoSITE™ test through their own customer networks.

Douglas VanOort, Chairman and Chief Executive Officer, stated, "2009 was a year of significant change and transition for NeoGenomics. We welcomed several new key members to our management team, added substantially to our sales and marketing and operating capabilities, and established a solid foundation for future growth. We also entered into a strategic agreement with Abbott Laboratories to exclusively develop and launch three new laboratory developed tests utilizing Abbott's intellectual property, and strengthened our balance sheet considerably. We believe we are currently in a stronger position operationally and financially than we have ever been and, as we have previously disclosed, we expect to become profitable in the second half of 2010."

VanOort continued, "Our core genetic testing business performed very well in 2009. Excluding revenues from the one large customer that in-sourced bladder cancer FISH testing, revenue growth in the rest of our business was approximately 70% in 2009. We are equally excited about our growth prospects for 2010. We expect revenue increases to be fueled by the significant investments we made in our sales force in 2009, the addition of the MelanoSITE™ test and by the addition of at least five other molecular tests that we expect to bring to market this year. Although we will continue to invest in growth initiatives such as developing the second test under our agreement with Abbott, we expect that our SG&A expenses as a percentage of revenue will continue to decline in 2010 as we build operating leverage in our business."

Robert Gasparini, President and Chief Scientific Officer, added, "Prior to the validation of the melanoma FISH test, we conducted several focus groups with dermatopathologists throughout the country. Because melanoma cases with ambiguous histology tend to be difficult to diagnose and are often litigated, we heard overwhelmingly that a test with very high specificity would add a high degree of confidence in determining a normal diagnosis. We therefore established our cutoff values in order to maximize specificity and the sensitivity values are a result of this priority. The initial feedback we have received from the dermatopathology community has been extremely positive leading us to believe this is the right test at the right time in the melanoma diagnostic algorithm. We also believe that this test will reduce the overall healthcare costs associated with treating suspected melanoma patients and improve the quality of care for those patients with melanoma. While we were very pleased with the results of our initial validation study, we expect to publish the results of an even larger study in a peer-reviewed journal later this year."

The company also announced that the severe weather in many parts of the country has impacted customer accessions and that it expects to report \$8.0 - \$8.2 million of revenue in Q1 with net losses of (\$0.02) – (\$0.03) per share.

## **Conference Call**

The Company has scheduled a webcast and conference call to discuss their Q4 and full year 2009 results at 11:00 AM EST today. Interested investors should dial (877) 407-9210 (domestic) and (201) 689-8049 (international) at least five minutes prior to the call. A replay of the conference call will be available until 11:59 PM on March 3, 2010 and can be accessed by dialing (877) 660-6853 (domestic) and (201) 612-7415 (international). The playback account number is 345516 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=151457>. An archive of the web-cast will be available until 11:59 PM EST on May 25, 2010.

## **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, please visit [www.IRGnews.com/coi/NGNM](http://www.IRGnews.com/coi/NGNM) where you can find a fact sheet on the company, investor presentations, and more. 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  
(unaudited)**

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<b><u>ASSETS</u></b>	December 31, 2009	December 31, 2008
<b>Cash, cash equivalents</b>	\$ 1,631,069	\$ 468,171
<b>Restricted Cash</b>	1,000,000	-
<b>Accounts Receivable</b> (net of allowance for doubtful accounts of \$589,012 and \$358,642, respectively)	4,632,219	2,913,531
<b>Other Current Assets</b>	<u>1,256,848</u>	<u>973,867</u>
<b>TOTAL CURRENT ASSETS</b>	8,520,136	4,355,569
<b>PROPERTY AND EQUIPMENT</b> (net of accumulated depreciation of \$2,786,704 and \$1,602,594, respectively)	4,339,560	2,875,297
<b>OTHER ASSETS</b>	<u>85,604</u>	<u>64,509</u>
<b>TOTAL</b>	<u>\$ 12,945,300</u>	<u>\$ 7,295,375</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>	\$ 5,776,233	\$ 4,390,994
<b>LONG TERM LIABILITIES</b>	<u>1,525,728</u>	<u>1,403,271</u>
<b>TOTAL LIABILITIES</b>	7,301,961	5,794,265
<b>STOCKHOLDERS' EQUITY</b>	<u>5,643,339</u>	<u>1,501,110</u>
<b>TOTAL</b>	<u>\$ 12,945,300</u>	<u>\$ 7,295,375</u>

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**NeoGenomics, Inc.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

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	For the Three- Months Ended December 31, 2009	For the Three- Months Ended December 31, 2008	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008
<b>REVENUE</b>	\$ 7,799,408	\$ 5,920,360	\$ 29,469,054	\$ 20,015,319
<b>COST OF REVENUE</b>	<u>4,107,461</u>	<u>2,776,302</u>	<u>14,254,227</u>	<u>9,353,852</u>
<b>GROSS PROFIT</b>	<u>3,691,947</u>	<u>3,144,058</u>	<u>15,214,827</u>	<u>10,661,467</u>
<b>OPERATING EXPENSES:</b>				
General and administrative	3,043,617	2,821,017	10,056,944	8,178,953
Sales and marketing	<u>2,035,926</u>	<u>1,018,155</u>	<u>6,885,395</u>	<u>3,366,503</u>
Total operating expenses	5,079,543	3,839,172	16,942,339	11,545,456
Interest (income) expense, net	<u>141,149</u>	<u>299,261</u>	<u>515,300</u>	<u>498,597</u>
Loss from operations	<u>5,220,692</u>	<u>3,868,433</u>	<u>17,457,639</u>	<u>12,044,053</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (1,528,745)</u>	<u>\$ (994,375)</u>	<u>\$ (2,242,813)</u>	<u>\$ (1,382,586)</u>
<b>NET INCOME (LOSS) PER SHARE</b>				
- Basic	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>	<u>\$ (0.04)</u>
- Diluted	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>	<u>\$ (0.04)</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING –</b>				
Basic	<u>37,177,331</u>	<u>31,870,605</u>	<u>34,638,502</u>	<u>31,506,824</u>
Diluted	<u>37,177,331</u>	<u>31,870,605</u>	<u>34,638,502</u>	<u>31,506,824</u>

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**NeoGenomics, Inc.**

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

	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (1,500,417)	\$ (138,306)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(963,740)	(501,781)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>3,627,055</u>	<u>897,685</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,162,898	257,598
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	468,171	210,573
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 1,631,069</u>	<u>\$ 468,171</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ <u>463,742</u>	\$ <u>256,323</u>
Income taxes paid	\$ <u>-</u>	\$ <u>-</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Equipment leased under capital lease	\$ <u>1,777,484</u>	\$ <u>1,207,863</u>

**NeoGenomics, Inc.**

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

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	For the Three- Months Ended December 31, 2009	For the Three- Months Ended December 31, 2008	% Inc (Dec)	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008	% Inc (Dec)
Cases Received	8,573	7,222	18.7%	31,638	24,780	27.7%
Number of Tests Performed	12,714	9,490	34.0%	45,675	32,539	40.4%
Avg. # of Tests / Case	1.48	1.31	13.0%	1.44	1.31	9.9%
Total Testing Revenue	\$7,799,408	\$5,920,360	31.7%	\$29,469,053	\$20,015,319	47.2%
Avg Revenue/Case	\$ 909.76	\$ 819.77	11.0%	\$ 931.44	\$ 807.72	15.3%
Avg Revenue/Test	\$ 613.45	\$ 623.85	(1.6)%	\$ 645.19	\$ 615.12	4.8%

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