

EXCLUSIVE DISTRIBUTION AGREEMENT

THIS AGREEMENT is made and entered as of _____, by and between CSEN International Ltd. (hereinafter referred to as "Developer"), a corporation having its offices in Jerusalem, Israel, existing under the laws of the State of Israel and _____ (hereinafter referred to as "Distributor") a corporation having its offices in _____, existing under the laws of the State of _____.

WITNESSETH:

In consideration of the mutual covenants and conditions herein contained, and intending to be legally bound hereby, the parties mutually agree as follows:

1. Products and Territory

- 1.1 Products. Developer hereby appoints Distributor on an exclusive basis as its sole distributor for the sale of the products set forth in Schedule A (hereinafter referred to as the "Products") in the Territory (as defined below) during the term of this Agreement.
- 1.2 Territory. Developer is appointing Distributor hereunder with respect to the sale of Products to any purchasers whose principal place of business is located in the following described territory (the "Territory"): _____.
- 1.3 Best Efforts. Distributor shall use its best efforts to promote and sell the Products to the maximum number of responsible customers in the Territory.
- 1.4 Sales Limited to Territory. Distributor shall not solicit orders from any prospective purchaser with its principal place of business located outside the Territory. If Distributor receives any order from a prospective purchaser whose principal place of business is located outside the Territory, Distributor shall immediately refer that order to Developer. Distributor shall not accept any such orders. Distributor may not deliver or tender (or cause to be delivered or tendered) any Product outside of the Territory. Distributor shall not sell any Products to a purchaser if Distributor knows or has reason to believe that such purchaser intends to remove those Products from the Territory.
- 1.5 Modification of Products and Territories. Developer reserves the right, upon consultation with Distributor, to expand or reduce the Products which are covered by this Agreement. Developer also reserves the right, upon consultation with Distributor, to expand or reduce the Territory, as defined in this Agreement.

2. Prices and Payment

2.1 Purchase Orders. Distributor shall order Products from Developer by submitting a written purchase order identifying the Products ordered and requested delivery date(s). All orders for Products are subject to acceptance by Developer's Manufacturer. Developer shall have no liability to Distributor with respect to purchase orders which are not accepted; provided, however, that Developer will not unreasonably reject any purchase order for Products.

2.2 Prices. If a purchase order is accepted in accordance with Section 2.1 above, the prices for Products covered by such purchase order shall be Developer's net distributor prices which are in effect on the date of Developer's acceptance. Developer's current net distribution prices are set forth in Schedule B. Subject to the limitations contained in this Agreement, Developer may from time to time change those prices, such change being effective immediately upon Distributor's receipt of notice thereof; provided, however, that no price change shall affect purchase orders submitted by Distributor and accepted by Developer prior to the date such price change becomes effective.

2.3 Customer Prices. Distributor shall be free to establish its own pricing for Products sold. Distributor shall notify Developer of its pricing, as in effect from time to time.

2.4 Licenses and Permits. Distributor hereby agrees:

- (i) to assist Developer in obtaining any such required licenses or permits by supplying such documentation or information as may be required by Developer;
- (ii) to comply with such decrees, statutes, rules and regulations of the government of the European countries and agencies, or other instrumentalities thereof;
- (iii) to maintain the necessary records to comply with such decrees, statutes, rules and regulations; and
- (iv) to indemnify and hold harmless Developer from any and all fines, damages, losses, costs and expenses (including reasonably attorneys' fees) incurred by Developer as a result of any breach of this subsection by Distributor.

2.5 Packaging and Delivery. Unless the parties agree otherwise, all Products ordered by Distributor shall be packed for shipment and storage in accordance with Developer's Manufacturer's standard commercial practices. All Products will be packaged and sterilized with the CE mark. Developer's Manufacturer shall deliver Products into the possession of a common carrier designated by Distributor, no later than the date specified for such delivery on the relevant purchase order for such Products and no earlier than the date three (3) days prior to such specified date. Risk of loss and damage to a Product shall pass to Distributor upon the deliver of such Product to the common carrier designated by Distributor. All claims for non-conforming shipments must be made in writing to Developer's Manufacturer within ten (10) days of the passing of risk of loss and damage, as described above. Any claims not made within such period shall be deemed waived and released.

2.6 Payment Terms. Except as otherwise set forth herein with regard to advance payments, all amounts due and payable with respect to a Product delivered by Developer's

Manufacturer in accordance with the preceding subsection shall be paid in full within Ten (10) days after Distributor's receipt of an invoice covering such Product. All such amounts shall be paid in EURO by wire transfer, to such bank or account as Developer may from time to time designate in writing. Whenever any amount hereunder is due on a day which is not a day on which Developer's bank is open for business (a "Business Day"), such amount shall be paid on the next such Business Day. Amounts hereunder shall be considered to be paid as of the day on which funds are received by Developer's bank. No part of any amount payable to Developer hereunder may be reduced due to any counterclaim, set-off, adjustment or other right which Distributor might have against Developer, any other party or otherwise.

- 2.7 Late Payment. All amounts due and owing to Developer hereunder but not paid by Distributor on the due date thereof shall bear interest at the rate of the lesser of: (i) one per cent (1%) per annum above the then applicable prime interest rate announced by Chase Manhattan Bank, New York, New York for ninety (90) day U.S. Dollar loans to prime commercial customers in the United States; and (ii) the maximum lawful interest rate permitted under applicable law. Such interest shall accrue on the balance of unpaid amounts from time to time outstanding from the date on which portions of such amounts become due and owing until payment thereof in full.
- 2.8 Terms of Agreement Govern. In the event of any discrepancy between any purchase order accepted by Developer and this Agreement, the terms of this Agreement shall govern.
- 2.9 Taxes. Taxes in the European countries, now or hereafter imposed with respect to the transactions contemplated hereunder (with the exception of income taxes or other taxes imposed upon Developer and measured by the gross or net income of Developer) shall be the responsibility of the Distributor, and if paid or required to be paid by Developer, the amount thereof shall be added to and become a part of the amounts payable by Distributor hereunder.

3. Other Obligations of Distributor

- 3.1 Personnel. Distributor shall employ competent and experienced sales and support personnel so as to render prompt and adequate service to the users of the Products in the Territory.
- 3.2 Documentation. Distributor shall prepare, at its own expense, all user and technical manuals and advertising and marketing information and provide Developer with advance copies of all such materials subject to and with the sole approval of the Developer.

4. Developer's Obligations

- 4.1 Marketing and Technical Assistance. Developer shall provide Distributor with such marketing and technical assistance as Developer may in its discretion consider necessary to assist with the promotion of the Products. In this connection, Dr. Joseph Eldor, will, at the request of Distributor and on behalf of Developer, attend major trade shows and

other key marketing events. Travel, room and board for Dr. Eldor shall be paid by Distributor.

5. Relationships of the Parties

- 5.1 Independent Contractors. Distributor shall be considered to be an independent contractor. The relationship between Developer and Distributor shall not be construed to be that of employer and employee, nor to constitute a partnership, joint venture or agency of any kind.
- 5.2 Distributor Expenses. Distributor shall pay all of its expenses, including without limitation all travel, lodging and entertainment expenses incurred in connection with its services hereunder. Developer shall not reimburse Distributor for any of those expenses.
- 5.3 No Obligations. Distributor shall have no right to enter into any contracts or commitments in the name of, or on behalf of, Developer, or to bind Developer in any respect whatsoever. In addition, Distributor shall not obligate or purport to obligate Developer by issuing or making any affirmations, representations, warranties or guarantees with respect to the Products to any third party.

6. Best Efforts

- 6.1 Minimum Purchases. Distributor shall purchase a sufficient amount of Products from Developer so as to meet or exceed the minimum purchase requirements set forth below, provided, however; that purchases of Products in excess of the minimum purchase requirement set forth below for any period shall be credited towards the minimum purchase requirements set forth below for subsequent periods. For the purposes of this provision, a "purchase" of Products within specified time period shall mean paying Developer for such Products on or before the last day of such period.

Year of this Agreement	Product	Minimum Number of Units
Year 1: _____	Eldor Spinal Needles	_____
Year 2: _____	Eldor Spinal Needles	_____
Year 3: _____	Eldor Spinal Needles	_____

--	--	--

- 6.2 Payment for Minimum Purchase. Notwithstanding any other provision of this Agreement to the contrary, Distributor shall pay an amount of EURO _____ for the first order of _____ Eldor Spinal Needles before the signing of this Agreement, with respect to Year 1.
- 6.3 Failure to Meet Minimum. Failure to meet such minimum requirements shall constitute a material breach of this Agreement for the purposes of Section 13 (Termination and Term) thereof; provided, however, that in lieu of terminating this Agreement pursuant to such section based on such breach, Developer may instead elect in its sole discretion to change the exclusive rights granted to Distributor under Section 1 (Products and Territory) hereof to non-exclusive rights, in which case Developer shall then have the right to appoint additional non-exclusive distributors in the Territory and the right to sell the Products itself in the Territory, either directly (including without limitation with the assistance of sales representatives) or through one or more of its affiliates.

7. Reporting

Distributor shall provide Developer with written quarterly reports, which shall include customer call reports, business trends, production planning of Distributor's primary customers in the Territory, market forecasts and other reports reasonably requested by Developer, including without limitation reports required for regulatory purposes.

8. Trademarks, Service Marks and Trade Names

- 8.1 Right to Use. Distributor may use Developer's trademarks, trade names and service marks listed below (hereinafter referred to as the "Trademarks") on a non-exclusive basis in the Territory only for the duration of this Agreement and solely for display or advertising purposes in connection with selling and distributing the Products in accordance with this Agreement.

ELDOR

- 8.2 Quality Control. In order to comply with Developer's quality control standards, Distributor shall: (i) use the Trademarks in compliance with all relevant laws and regulations; (ii) accord Developer the right to inspect during normal business hours, without prior advance notice, Distributor's facilities used in connection with efforts to sell the Products in order to confirm that Distributor's use of such Trademarks is in compliance with this Section; and (iii) not modify any of the Trademarks in any way and not use any of the Trademarks on or in connection with any goods or services other than the Products.

9. Covenant Not to Compete

During the term of this Agreement, and for 12 months thereafter, Distributor shall not market directly or indirectly in the Territory products which are competitive with the Products.

10. Limited Warranty

- 10.1 Pass Through Warranties. Distributor acknowledge that all components of the Products are being manufactured for Developer by subcontractors or other entities other than the Developer. Developer extends to Distributor the warranties as to such components provided by such other entities to Developer for the length of time that such warranty remains valid for Developer. Notwithstanding any other provision in this Agreement, Developer shall not be held responsible for any damage which may result from a defective part except for the replacement of such part as set forth in the warranties provided by its subcontractors.
- 10.2 No Implied Warranties. THE PROVISIONS OF THE FOREGOING WARRANTIES ARE IN LIEU OF ANY OTHER WARRANTY, WHETHER EXPRESSED OR IMPLIED, WRITTEN OR ORAL (INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE).
- 10.3 Modification of Products. Distributor may not customize, modify or have customized or modified any Product unless it obtains the prior written consent of Developer, which consent may be withheld in the sole discretion of Developer.

11. Limitations on Liability

- 11.1 Limit of Liability. DEVELOPER'S LIABILITY ARISING OUT OF THE MANUFACTURE, SALE OR SUPPLYING OF THE PRODUCTS OR THEIR USE OR DISPOSITION, WHETHER BASED UPON WARRANTY, CONTRACT, TORT OR OTHERWISE, SHALL NOT EXCEED THE ACTUAL PURCHASE PRICE PAID BY DISTRIBUTOR FOR THE PRODUCTS.
- 11.2 No Consequential Damages. IN NO EVENT SHALL DEVELOPER BE LIABLE TO DISTRIBUTOR OR ANY OTHER PERSON OR ENTITY FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES) ARISING OUT OF THE MANUFACTURE, SALE OR SUPPLYING OF THE PRODUCTS, EVEN IF DEVELOPER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES.

12. Indemnification; Insurance

- 12.1 By Distributor. Distributor hereby agrees to indemnify, defend and hold harmless Developer, its affiliates and all officers, directors, employees and agents thereof (hereinafter referred to as "Indemnitees") from all liabilities, claims, damages, losses, costs, expenses, demands, suits and actions (including without limitation attorneys' fees, expenses and settlement costs) (collectively, "Damages") arising out of or related to the conduct of Distributor's operations, including without limitation Damages arising out of or related to damage or injury to property or persons, or to any representations of Distributor not authorized hereunder.
- 12.2 Insurance. During the term of this Agreement and for four (4) years thereafter, Distributor shall maintain an insurance policy issued by a reputable insurance company, naming Developer as an additional insured, which policy shall insure against an and all

claims, liabilities, costs or expenses resulting from or caused by (or claimed to be resulting from or caused by) any use or operation of any Products sold by Distributor in the amount of at least \$5 million per claim.

13. Termination

- 13.1 Material Breach. Upon the occurrence of a material breach or default as to any obligation hereunder by either party and the failure of the breaching party to promptly pursue (within thirty (30) days after receiving written notice thereof from the non-breaching party) a reasonable remedy designed to cure (in the reasonable judgment of the non-breaching party) such material breach or default, this Agreement may be terminated by the non-breaching party by giving written notice of termination to the breaching party, such termination being immediately effective upon the giving of such notice of termination.
- 13.2 Bankruptcy. Upon the filing of a petition in bankruptcy, insolvency or reorganization against or by either party, or either party becoming subject to a composition for creditors, whether by law or agreement, or either party going into receivership or otherwise becoming insolvent (such party hereinafter referred to as the "insolvent party"), this Agreement may be terminated by the other party by giving written notice of termination to the insolvent party, such termination immediately effective upon the giving of such notice of termination.
- 13.3 Change of Control. Upon the occurrence of a change in control or management or operating personnel of either party (the "changed party"), which has, or in the reasonable opinion of the other party could have, a material adverse effect on the business, prospects or operations of such changed party and the failure of such changed party to promptly pursue (within ninety (90) days after receiving written notice thereof from the other party) a remedy designed to cure (in the sole judgment of the other party) the other party's objections to such change, this Agreement may be terminated by the other party by giving written notice of termination to the changed party, such termination being immediately effective upon the giving of such notice of termination.
- 13.4 Effective Date. The term of this Agreement shall begin as of _____ (the "Effective Date"). The term of this Agreement shall expire on _____, unless terminated earlier pursuant to the terms of this Section.
- 13.5 Extensions. The term of this Agreement shall be extended for Five (5) additional periods of one (1) year if Distributor gives Developer written notice of such extension at least 90 days prior to _____. The terms of the new Five (5) years Agreement will be negotiated within the 90 days prior to _____ between the Distributor and the Developer.
- 13.6 Effect of Termination. In the event of a termination pursuant to any subsections 13.1, 13.2 or 13.3 above upon expiration of this Agreement pursuant to either of subsections 13.4 or 13.5 above, Developer shall not have any obligation to Distributor, or to any employee of Distributor, for compensation or for damages of any kind, whether on account by Distributor or such employee of resent or prospective sales, investments, compensation or goodwill. Distributor, for itself and on behalf of each of its employees, hereby waives any rights which may be granted to it or them under the laws and

regulations of the Territory or otherwise which are not granted to it or them by this Agreement. Distributor hereby indemnifies and holds Developer harmless from and against any and all claims, costs, damages and liabilities whatsoever asserted by an employee, agent or representative of Distributor under any applicable termination, labor, social security or other similar laws or regulations.

- 13.7 Payment After Termination. Termination of this Agreement shall not affect the obligation of Distributor to pay Developer all amounts owing or to become owing as a result of Products tendered or delivered to Distributor on or before the date of such termination, as well as interest thereon to the extent any such amounts are paid after the date they became or will become due pursuant to this Agreement.

14. Selling Off of Inventory

Distributor shall have the right to sell off its remaining inventory of Products after termination or expiration of this Agreement; provided, however, that Distributor shall comply with all terms and conditions of this Agreement restricting such reselling activities in effect immediately prior to such termination or expiration.

15. Publicity

Distributor agrees that any publicity or advertising which shall be released by it in which Developer is identified in connection with the Products shall be in accordance with the terms of this Agreement and with any information or data which Developer has furnished in connection with this Agreement. Copies of all such publicity and advertising shall be forwarded promptly to Developer for approval.

16. Modification

No modification or change may be made in this Agreement except by written instrument duly signed by Distributor and by a duly authorized representative of Developer.

17. Assignment

This Agreement and the rights and obligations hereunder may not be assigned, delegated or transferred by either party without the prior written consent of the other party; provided, however, that Distributor's consent shall not be required with respect to any assignment, delegation or transfer by Developer to another division of Developer or to any affiliate of Developer or any division of such affiliate. This Agreement shall inure to the benefit of the permitted successors and assigns of Developer.

18. Notices

All notices given under this Agreement shall be in writing and shall be addressed to the parties at their respective addresses set forth below:

To Distributor: _____

To Developer: CSEN International Ltd.
4 Hanayadot Street
Jerusalem 9753604, Israel
Attn: Dr. Joseph Eldor
Fax: 972 2 583 5744

Either party may change its address or its fax number for purposes of this Agreement by giving the other party written notice of its new address or fax number. Any such notice if given or made by registered or recorded delivery international air mail letter shall be deemed to have been received on the earlier of the date actually received and the date fifteen (15) calendar days after the same was posted (and in proving such it shall be sufficient to prove that the envelope containing the same was properly addressed and posted as aforesaid) and if given or made by fax transmission shall be deemed to have been received at the time of dispatch, unless such date of deemed receipt is not a Business Day, in which case the date of deemed receipt shall be the next such succeeding Business Day.

19. Waiver

None of the conditions or provisions of this Agreement shall be held to have been waived by any act or knowledge on the party of either party, except by an instrument in writing signed by a duly authorized officer or representative of such party. Further, the waiver by either party of any right hereunder or the failure to enforce at any time any of the provisions of this Agreement, or any rights with respect thereto, shall not be deemed to be a waiver of any other rights hereunder or any breach or failure of performance of the other party.

20. Construction of Agreement and Resolution of Disputes

- 20.1 Governing Law. This Agreement, which is in English, shall be interpreted in accordance with the commonly understood meaning of the words and phrases hereof in the United States of America, and its and performance of the parties hereto shall be construed and governed according to the laws of the State of Israel applicable to contracts made and to be fully performed therein.
- 20.2 Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement or to a breach hereof, including its interpretation, performance or

termination, shall be finally resolved by arbitration. The arbitration shall be conducted by one (1) arbitrator appointed by Developer and Distributor or, if they cannot agree on an arbitrator, by the Chairman of the Israel Bar Association. The arbitration shall be conducted in English and in accordance with the rules of the Israel Bar Association. The arbitration shall take place in the State of Israel, and shall be the exclusive forum for resolving such dispute, controversy or claim.

- 20.3 Specific Performance. Notwithstanding anything contained in Section 20.2 to the contrary, each party shall have the right to constitute judicial proceedings against the other party or anyone acting by, through or under such other party, in order to enforce the instituting party's rights hereunder through reformation of contract, specific performance, injunction or similar equitable relief.

21. Confidentiality

- 21.1 Nondisclosure. Distributor agrees that Developer has a proprietary interest in any information provided to Distributor by Developer, whether in connection with this Agreement or otherwise, whether in written or oral form, which is: (i) a trade secret, confidential or proprietary information; (ii) not publicly known; and (iii) annotated by a legend, stamp or other written identification as confidential or proprietary information (hereinafter referred to as "Proprietary Information"). Distributor shall disclose the Proprietary Information only to those of its agents and employees to whom it is necessary in order properly to carry out their duties as limited by the terms and conditions hereof. Both during and after the term of this Agreement, all disclosures by Distributor to its agents and employees shall be held in strict confidence by such agents and employees. During and after the term of this Agreement, Distributor, its agents and employees shall not use the Proprietary Information for any purpose other than in connection with Distributor's sale and distribution of the Products in the Territory pursuant to this Agreement. This Section 21.1 shall also apply to any consultants or subcontractors that Distributor may engage in connection with this obligation under this Agreement.
- 21.2 Exclusions. Notwithstanding anything contained in this Agreement to the contrary, Distributor shall not be liable for a disclosure of the Proprietary Information of Developer, if the information so disclosed: (i) was in the public domain at the time of disclosure without breach of this Agreement; or (ii) was known to or contained in the records of Distributor from a source other than Developer at the time of disclosure by Developer to Distributor and can be so demonstrated; or (iii) was independently developed and is so demonstrated promptly upon receipt of the documentation and technology by Distributor; or (iv) becomes known to Distributor from a source other than Developer without breach of this Agreement by Distributor and can be so demonstrated.

22. Entire Agreement

This Agreement supersedes and cancels any previous agreements or understandings, whether oral, written or implied, heretofore in effect and sets forth the entire agreement between Developer and Distributor with respect to the subject matter hereof.

23. Force Majeure

Neither Manufacturer nor Distributor shall be liable in damages, or shall be subject to termination of this Agreement by the other party, for any delay or default in performing any obligation hereunder if that delay or default is due to any cause beyond the reasonable control and without fault or negligence of that party.

24. Compliance with Laws

Each of Distributor and Developer covenants that all of its activities under or pursuant to this Agreement shall comply with all applicable laws, rules and regulations. In particular, but without limitation, Distributor shall be responsible for obtaining all licenses, permits and approvals which are necessary or advisable for sales of the Products in the Territory and for the performance of its duties hereunder.

25. Severability

In any provision of this Agreement is declared invalid or unenforceable by a court having competent jurisdiction, it is mutually agreed that this Agreement shall endure except for the part declared invalid or unenforceable by order of such court. The parties shall consult and use their best efforts to agree upon a valid and enforceable provision which shall be a reasonable substitute for such invalid or unenforceable provision in light of the intent of this Agreement.

26. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement.

CSEN INTERNATIONAL LTD. _____

by: _____

name: _____

by: _____

name: _____

title: _____

title: _____

Schedules

A Products

B Prices

Schedule A - Products

1. Eldor Spinal Needles

Schedule B - Prices

1. Eldor Spinal Needle

EURO _____