U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(MARK ONE)

/X/ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 1996

or

/ / TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to_____

COMMISSION FILE NUMBER: 0-20676

NEOPROBE CORPORATION
(Exact name of small business issuer as specified in its charter)

DELAWARE	31-1080091
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

425 METRO PLACE NORTH, SUITE 400, DUBLIN, OHIO 43017
(Address of principal executive offices)

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

Check whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 X NO
--- ---

19,649,397 SHARES OF COMMON STOCK, PAR VALUE $.001 PER SHARE
(Number of shares of issuer's common equity outstanding as of the close of business on May 13, 1996)

Transitional Small Business Disclosure Format (check one):

YES NO X
--- ---

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

NEOPROBE CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

	December 31, 1995	March 31, 1996
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$10,032,973	$ 9,944,949
Available-for-sale securities	7,279,659	4,947,670
Stock subscriptions receivable	1,262,513	0
Accounts receivable:		
Trade	176,434	159,874
Related parties	7,896	340
Inventory	473,004	406,089
Prepaid expenses and other current assets	784,016	1,596,788
Total current assets	20,016,495	17,055,710
Long term investment	0	1,500,000
Property and equipment, at cost, net of accumulated depreciation and amortization	3,565,272	3,974,228
Intangible assets, net of accumulated amortization	523,249	532,110
Other assets	40,314	147,820
Total assets	$24,145,330	$23,209,868

</TABLE>

The accompanying notes are an integral part of
the consolidated financial statements

NEOPROBE CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

	December 31, 1995	March 31, 1996
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable:		
Trade	$ 1,558,916	$ 1,157,321
Related parties	25,838	41,102
Accrued expenses	957,049	717,710
Notes payable to finance company	128,487	78,780
Capital lease obligation, current	244,348	229,111
Total current liabilities	2,914,638	2,224,024
Long term debt	1,100,000	550,000
Capital lease obligation	82,043	33,324

Total liabilities	4,096,681	2,807,348
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock; $.001 par value; 5,000,000 shares authorized at December 31, 1995 and March 31, 1996; none outstanding (500,000 shares designated as Series A, $.001 par value, at March 31, 1996; none outstanding)	--	--
Common stock; $.001 par value; 50,000,000 shares authorized; 17,534,800 and 17,952,055 shares issued; 17,334,800 and 17,852,055 shares outstanding at December 31, 1995 and March 31, 1996, respectively	17,335	17,852
Additional paid in capital	62,964,787	66,960,672
Deficit accumulated during development stage	(43,146,860)	(46,697,059)
Unrealized gain (loss) on available-for-sale securities	46,480	(42,886)
Cumulative foreign currency translation adjustment	166,907	163,941
Total stockholders' equity	20,048,649	20,402,520
Total liabilities and stockholders' equity	$ 24,145,330	$ 23,209,868

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements

NEOPROBE CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

	Three Months Ended March 31,		November 16, 1983 (inception) to March 31,
	1995	1996	1996
<S>	<C>	<C>	<C>
Net sales	$ 273,023	$ 196,397	$ 3,084,208
Cost of goods sold	157,393	150,741	1,602,265
Gross profit	115,630	45,656	1,481,943
Operating expenses:			
Research and development expenses:			
Wages and benefits	781,764	859,962	10,030,920
Contracted services	361,658	651,747	5,189,194
Clinical trials	689,091	805,901	13,639,093
Other	121,729	235,136	2,510,112
Total research and development	1,954,242	2,552,746	31,369,319
General and administrative expenses:			
Wages and benefits	252,275	323,511	5,562,706
Contracted services	64,506	145,148	2,297,132
Professional services	119,325	165,149	2,878,240
Depreciation and amortization	136,547	137,466	1,678,068
Other	342,144	501,698	6,861,177

Total general and administrative	914,797	1,272,972	19,277,323
Loss from operations	(2,753,409)	(3,780,062)	(49,164,699)
Other income (expense):			
Interest income	49,164	234,828	1,820,868
Interest expense	(13,873)	(10,212)	(432,816)
Gain (loss) on foreign currency transactions	281	(9,497)	(10,701)
Other	176,539	14,744	1,010,936
Minority interest			79,353
Total other income	212,111	229,863	2,467,640
Net loss	$ (2,541,298)	$ (3,550,199)	$(46,697,059)
Net loss per share of common stock	$ (0.21)	$ (0.20)	
Shares used in computing net loss per share	11,856,684	17,426,614	

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements

NEOPROBE CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

	Three Months Ended March 31,		November 16, 1983 (inception) to March 31,
	1995	1996	1996
<S>	<C>	<C>	<C>
Net cash used in operating activities	$ (2,248,970)	$ (3,871,959)	$(43,992,671)
Cash flows from investing activities:			
Purchases of available-for-sale securities	(5,300,000)	(1,533,927)	(46,146,199)
Proceeds from sale of available-for-sale securities	1,147,428	813,532	19,195,689
Maturities of available-for-sale securities	5,791,407	3,000,000	21,982,742
Other	(76,856)	(551,232)	(4,166,724)
Net cash provided by (used in) investing activities	1,561,979	1,728,373	(9,134,492)
Cash flows from financing activities:			
Issuance of common stock, net	5,932,652	2,177,663	53,879,383
Other	(101,568)	(113,648)	9,200,107
Net cash provided by financing activities	5,831,084	2,064,015	63,079,490
Effect of exchange rate changes on cash	705	(8,453)	(7,378)
Net increase (decrease) in cash and cash equivalents	5,144,798	(88,024)	9,944,949

Cash and cash equivalents at beginning of period	500,775	10,032,973	0
Cash and cash equivalents at end of period	$ 5,645,573	$ 9,944,949	$ 9,944,949

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

NEOPROBE CORPORATION AND SUBSIDIARIES
(A Development Stage Company)

Notes to the Consolidated Financial Statements

1. BASIS OF PRESENTATION

The information presented for March 31, 1995 and 1996, and for the periods then ended is unaudited, but includes all adjustments (which consist only of normal recurring adjustments) which the Company's management believes to be necessary for the fair presentation of results for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The results for the interim period are not necessarily indicative of results to be expected for the year. The financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 1995, which were included as part of the Company's Annual Report on Form 10-KSB (file no. 0-20676).

The Company is a development stage enterprise engaged in the development and commercialization of technologies for the diagnosis and treatment of cancers. There can be no assurance that the Company will be able to commercialize its proposed products. There can also be no assurance that adequate financing will be available when needed or on terms attractive to the Company.

2. INVENTORY

The components of inventory are as follows:

<TABLE>
<CAPTION>

	December 31, 1995	March 31, 1996
<S>	<C>	<C>
Materials and component parts	$101,886	$109,242
Work-in-process	107,786	37,435
Finished goods	263,332	259,412
	$473,004	$406,089

</TABLE>

3. LONG-TERM DEBT

In 1995, Neoprobe (Israel) Ltd. ("Neoprobe (Israel)"), a subsidiary of the Company, and the Company issued convertible debentures in the amount of $1,100,000 due February 10, 1997. The debentures are convertible into preferred shares of Neoprobe (Israel) or into shares of the Company's common stock at a conversion price of $5.50 per share. The interest rate on the debentures is at three percentage points above the 12-month LIBOR rate, or approximately 9%. In March 1996, debentures in the amount of $550,000 were converted into 100,000 shares of the Company's common stock. Certificates for an additional 100,000 shares of the Company's common stock are being held in escrow.

4. STOCK OPTIONS

In January 1996, the Board granted options to certain directors, officers, and employees of the Company under the Neoprobe Corporation Incentive Stock Option and Restricted Stock Purchase Plan (the "Plan") for 295,200 shares of common stock, exercisable at $15.75 per share, 50,000 vesting upon the meeting of certain milestones. Currently, the Company has 1,970,237 options outstanding under the Plan, and 992,293 options have vested as of March 31, 1996.

5. AGREEMENTS

In February 1996, the Company and XTL Biopharmaceuticals Ltd. ("XTL") executed a series of agreements, including an Investment Agreement and a Research and Development Agreement whereby XTL will perform specific research activities using XTL's proprietary technology for the development of future products for the Company. The Company purchased $1.5 million of convertible debentures of XTL, convertible into approximately a 15% equity interest in XTL as of the date of purchase. The Company also acquired a warrant affording Neoprobe the option to purchase approximately 171,000 additional shares of common stock of XTL. Neoprobe issued 125,000 shares of common stock to XTL in exchange for the convertible debentures, warrant, and product development activities.

In March 1996, the Company and Enzon, Inc. executed an Amendment to the License Agreement and Development Agreement. Pursuant to the Amendment, a Development Agreement executed between the parties on August 15, 1992 has been terminated in all respects. Under the amended terms of the License Agreement, the parties agreed to cancel a note issued to Enzon, and Neoprobe agreed to issue to Enzon warrants to purchase 50,000 shares of Common Stock at an exercise price of $6.30 per share, and an additional warrant to purchase up to 100,000 shares of Common Stock at an exercise price of $12.60 per share.

In March 1996, the Company executed a Subscription and Option Agreement with Cira Technologies, Inc.("Cira"), under which the Company received a 10 percent equity interest in Cira and an option to increase its interest in Cira to 25 percent at a price to be determined based on the future value of Cira subject to a cap and a floor. Currently, the Company's Chairman and CEO is a director of and a principal shareholder in Cira. Additionally, a partner of a law firm, who is a director of the Company which provides various legal services to the Company, is a principal shareholder of Cira. The Company is finalizing agreements under which it will provide financial, clinical, and technical support to Cira for Cira to conduct a clinical study using Cira's technology and the Company will have an option to acquire an exclusive global license for Cira's technology. The Company's financial commitment for this clinical study will not exceed $500,000, and the Company has the right to terminate the Agreement upon review of interim results of the clinical study.

6. CONTINGENCIES

The Company has been named as an additional party defendant in the In re Blech Securities litigation pending in the United States District Court for the Southern District of New York. The plaintiffs in the litigation are eight named individuals who are alleged to be representatives of a class of securities purchasers. The defendants in the litigation include David Blech, who was a principal shareholder of the Company until September 1994; Mark Germain, who was a director of the Company until September 1994; D. Blech & Co., a registered broker-dealer owned by Mr. Blech; trustees of certain trusts established by Mr. Blech and other entities; as well as ten other corporations of which Mr. Blech was a principal shareholder. The amount of damages requested is not specified in the complaint. The Company has rejected the allegations of the complaint that apply to it and intends to vigorously defend itself against this action. In the opinion of management, the outcome of this matter will not have a material effect on

the Company's financial position or results of operations.

7. SUBSEQUENT EVENTS

In April 1996, the Company completed the sale of 1,750,000 shares of common stock in a public secondary offering at an offering price to the public of $18.50. Proceeds to the Company from this offering, net of the underwriters' discount, was approximately $30.5 million.

In May 1996, the Company executed two License Agreements with The Dow Chemical Company ("Dow"), whereby the Company was granted exclusive licenses to technology covered by patents owned by Dow. In exchange, the Company will issue to Dow 124,805 shares of common stock, make an additional lump sum payment upon first approval of any product covered by the License Agreements, make additional lump sum payments to Dow upon achieving certain sales milestones, and pay royalties on net sales of products covered by the License Agreements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other parts of this Report contain forward-looking statements that involve risks and uncertainties. The Company's actual results in 1996 and future periods may differ significantly from the prospects discussed in the forward-looking statements.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has financed its operations primarily through private and public offerings of its equity securities, from which it has raised gross proceeds of approximately $64.0 million. The Company has devoted substantially all of its efforts and resources to research and clinical development of innovative systems for the intraoperative diagnosis and treatment of cancers. The RIGS system integrates radiolabeled targeting agents and a radiation-detection instrument. The Company is developing both the radiolabeled targeting agents and radiation-detection instrument components of the RIGS technology. Before commercial revenue can be generated, the Company must complete clinical testing and obtain regulatory approval to market its products. The Company has completed testing in a pivotal Phase III clinical trial for the detection of metastatic colorectal cancer in both the U.S. and Europe. In addition, the Company has completed testing in a separate Phase III clinical trial for primary colorectal cancer in the U.S. Neoprobe is preparing to submit a dossier (i.e. marketing application) to the European regulatory agencies and a Biologic License Application ("BLA") to the FDA for its RIGS product for the detection of metastatic colorectal cancer. In addition, the Company is studying the safety and efficacy of RIGS products for detecting breast, ovarian, and neuroendocrine cancers, and the safety and efficacy of certain cancer therapy products (RIGS/ACT) for colorectal cancers. There can be no assurance that the Company's RIGS products will be approved for marketing by the FDA or any foreign government agency, or that any such products will be successfully introduced or achieve market acceptance.

For the period from inception to March 31, 1996, the Company has incurred cumulative net losses of approximately $46.7 million. The Company does not currently have a RIGS product approved for commercial sale, and does not anticipate commercial sales of sufficient volume to generate positive cash flow until 1998, at the earliest. The Company has incurred, and will continue to incur, substantial expenditures for research and development activities related to bringing its products to the commercial market. The Company intends to devote significant additional funds to clinical testing, manufacturing validation, and other activities required for regulatory review of RIGS products. The amount required to complete such testing will depend upon the outcome of regulatory

reviews. The regulatory bodies may require more testing than is currently planned by the Company. There can be no assurance that the Company's RIGS products will be approved for marketing by the FDA or any foreign government agency, or that any such products will be successfully introduced or achieve market acceptance.

As of March 31, 1996, the Company had cash, cash equivalents, and available-for-sale securities of approximately $14.9 million. In April, 1996, the Company completed the sale of 1,750,000 shares of Common Stock at a price of $18.50 per share in a secondary offering. Gross proceeds from this offering were $32,375,000 and proceeds net of underwriting discounts were $30,502,500.

The Company has completed testing in a pivotal Phase III clinical trial for the detection of metastatic colorectal cancer in both the U.S. and Europe. In addition, the Company has completed testing in a separate Phase III clinical trial for primary colorectal cancer in the U.S. Neoprobe is preparing to submit a dossier to the European regulatory agencies and a BLA to the FDA for its RIGS product for the detection of metastatic colorectal cancer. In 1996, regulatory activities related to the RIGScan CR49 product continued to increase as the Company moved closer to submitting an application to begin marketing a colorectal product in Europe and the United States. Consolidated research and development expenses during the first quarter of 1996 were approximately $2.6 million, or 67 percent of total expenses for the year. Consolidated general and administrative expenses were approximately $1.3 million, or 33 percent of total expenses for the period.

MonoCarb is a wholly-owned subsidiary of the Company, located in Lund, Sweden, where it operates a biological manufacturing and purification facility. The Company intends to use the production capability of MonoCarb to produce future RIGScan products. MonoCarb purchased and installed vial filling equipment during 1995. This equipment will be used to prepare the CC49 monoclonal antibody produced by Bio-Intermediair BV for final radiolabeling. The Company anticipates that approximately $850,000 will be needed to cover operating expenses at MonoCarb during 1996.

In 1994, the Company formed Neoprobe (Israel) Ltd. ("Neoprobe (Israel)") to construct and operate a radiolabeling facility for the Company's targeting agents. The Company owns 95 percent of Neoprobe (Israel), with Rotem Industries Ltd., the private arm of the Israeli atomic energy authority ("Rotem") owning the balance and managing the facility. In January 1995, the Company completed negotiations with the Ministry of Finance and the Office of the Chief Scientist in Israel to provide up to $2.5 million in the form of Israeli-government guaranteed non-recourse loans and research grants to Neoprobe (Israel). On August 10, 1995, the Company and Neoprobe (Israel) raised $1.1 million for Neoprobe (Israel) through the issuance of convertible debentures. Costs associated with construction of the facility and operations at Neoprobe (Israel) during 1996 will be financed primarily with government grants and loans guaranteed by the Israeli government, and by funds raised through the sale of the convertible debentures.

During 1996, the Company expects to complete enrollment of patients in the Phase III clinical study for primary colorectal cancer in Europe. The Company will also continue to focus on validating its manufacturing processes for the production of RIGS products and completing the compilation of the applications for colorectal cancer for submission in the United States and in Europe. Additionally, during 1996, the Company anticipates opening new clinical trials for additional cancer types and developing an activated cell therapy application of its RIGS technology (RIGS/ACT). The Company currently anticipates research and development expenses and general and administrative expenses will increase significantly during 1996. A significant portion of the increased general and administrative expenses will be associated with marketing activities in preparation for the commercial launch of the first RIGS product. The Company's estimate of its allocation of cash resources is based on the current state of its business operations and current business plan and current economic and industry conditions, and is subject to revisions due to a variety of factors including, without limitation, additional expenses related to regulatory licensing and research and development, and to reallocation among categories and to new categories. Neoprobe may need to supplement its funding sources from time to time. The Company's expenses are subject to change due to a variety of factors including, without limitation, compliance with United States and foreign regulatory requirements.

At December 31, 1995, the Company had net operating loss carryforwards of approximately $39.2 million to offset future taxable income through 2010. Additionally, the Company has tax credit carryforwards of approximately $1.6 million available to reduce future income tax liability through 2010. Under Section 382 of the Internal Revenue Code of 1986, as amended, use of prior net operating loss carryforwards is limited after an ownership change. As a result of an ownership change which occurred in March 1989 and in September 1994, the Company's net operating tax loss carryforwards and tax credit carryforwards are subject to the limitations described by Section 382.

In November 1992 and December 1993, the Company issued a total of approximately 2.3 million Class E Redeemable Common Stock Purchase Warrants ("Class E Warrants"). These warrants are exercisable over a three-year period beginning November 10, 1993 and expire on November 12, 1996. The Class E Warrants entitle the holder to purchase one share of Common Stock for $6.50 per share. To the extent that theses warrants are exercised, the proceeds from the exercise of all the Class E Warrants would be approximately $15 million. However, there can be no assurance that these warrants will be exercised, due to a variety of factors, including the possible volatility of the price of the Company's Common Stock.

RESULTS OF OPERATIONS

From inception through 1993, the Company's revenue had been primarily from the sale of radiation-detection instruments to clinical and collaborative sites and interest earned on investments. MonoCarb generated sales of serology products of approximately $850,000 and $803,000 during the years ended December 31, 1994 and 1995, respectively. All remaining sales during these periods were from the sale of instruments. The Company does not anticipate having significant revenue from the sale of its RIGS products for at least the next 24 months.

Three months ended March 31, 1995 and 1996. For the period ended March 31, 1995, the Company had net sales of $273,023, consisting primarily of sales by MonoCarb of blood serology products of approximately $225,000 and sales of radiation-detection instruments of approximately $50,000. During this same period in 1995, interest income and other income were $49,164 and $176,539 respectively. Interest income was from the investment of net proceeds from the company's financing activities. Other income included the recovery of a $150,000 advance to a former underwriter and principal stockholder. For the period ended March 31, 1996, the Company had net sales of $196,397, consisting primarily of sales by MonoCarb of approximately $186,000. Interest income was $234,828 for this period. There were no sales of radiation-detection instruments to investigational sites nor under clinical trial agreements for either period.

Research and development expenses increased from $1,954,242 in 1995, to $2,552,746 in 1996. These expenses reflect the activities associated with conducting clinical trials, including patient enrollment, training, and compliance with all regulatory concerns of the Food and Drug Administration ("FDA") and European regulatory authorities. Also included in these expenses are other costs such as consulting services of experts, and product development costs. The increase in research and development expenses from 1995 to 1996 is primarily from an increase in contracted services and regulatory expenses associated with preparation of the marketing applications for the US and Europe. The Company expects these expenses to continue to increase during the second and third quarters of 1996.

General and administrative expenses increased from $914,797 in 1995, to $1,272,9712 in 1996. These expenses reflect the activities associated with business development and corporate administration. The increase in general and administrative expenses from 1995 to 1996 is primarily from wages and benefits, contracted services, and other expenses. Wages and benefits increased as a result of additional staff added during the first quarter. Contracted services increased as a result of costs associated with the production of the Company's annual report. The increase in other expenses primarily consists of increases in recruiting, travel, and taxes.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITY

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(A) LIST OF EXHIBITS AND FINANCIAL STATEMENTS INCORPORATED BY REFERENCE

(4) INSTRUMENTS DEFINING THE RIGHTS OF HOLDERS, INCLUDING INDENTURES

4.1. See Articles FOUR, FIVE, SIX and SEVEN of the Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K, as amended, for July 18, 1995; Commission File No. 0-20676).

4.2. See Articles II and VI and Section 2 of Article III and Section 4 of Article VII of the Amended and Restated By-Laws of the Registrant (incorporated by reference to Exhibit 99.4 to the Registrant's Current Report on Form 8-K for July 18, 1995; Commission File No. 0-20676).

4.3. Specimen of Class E Redeemable Common Stock Purchase Warrant certificate (incorporated by reference to Exhibit 4.9 to the registration statement on Form S-1, No. 33-51446).

4.4. Warrant Agreement dated November 10, 1992 between Registrant and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.4 to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1992; Commission File No. 0- 20676 (the "1992 Form 10-KSB")).

4.5. Supplemental Warrant Agreement dated November 12, 1993 between the Registrant and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.5 of registration statement on Form S-3, No. 33-72658).

4.6. Rights Agreement dated as of July 18, 1995 between the Registrant and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 1 of the registration statement on Form 8-A; Commission File No. 0-20676).

(10) MATERIAL CONTRACTS.

10.1.1. - 10.1.21. Reserved.

10.2.1. - 10.3.32. Reserved.

10.3.33. Investment Agreement dated January 31, 1996 between the Registrant and XTL Biopharmaceuticals, Ltd. ("XTL")

10.3.34. $1,500,000 5% Convertible Subordinated Debenture Due February 13, 1998 of XTL issued to registrant on February 13, 1996

10.3.35. Investors' Rights Agreement dated February 5, 1996 between registrant and XTL

10.3.36. Warrant to purchase Class A Common Shares of XTL issued to registrant on February 13, 1996

10.3.37. Research and Development Agreement dated February 13, 1996 between registrant and XTL (filed pursuant to Rule 24b-2 under which the registrant has requested confidential treatment of certain portions of this exhibit).

10.3.38. Sublicense Agreement dated February 13, 1996 between registrant and XTL (filed pursuant to Rule 24b-2 under which the registrant has requested confidential treatment of certain portions of this exhibit).

10.3.39. Limited Liability Company Agreement dated February 22, 1996 between Registrant and Peptor Corp.

10.3.40 Subscription and Option Agreement dated March 14, 1996 between registrant and Cira Technologies Inc.

10.3.41. Amendment to License Agreement and Development Agreement dated March 28, 1996 between Registrant and Enzon, Inc. (incorporated by reference to Exhibit 4.11 of Post-Effective Amendment No. 2 to registration statement on Form S-3, No. 33-86000).

(11) STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS.

11.1. Computation of Net Loss Per Share.

(27) FINANCIAL DATA SCHEDULE.

27.1. Financial Data Schedule.

(B) REPORTS ON FORM 8-K.

A current report on Form 8-K dated March 22, 1996 was filed by the Registrant reporting under Item 5 (Other Events) a press release issued by the Registrant relating to initial results of multicenter trials presented at the Society of Surgical Oncology Symposium.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEOPROBE CORPORATION
(Registrant)

By: /s/ David C. Bupp

President and Chief Operating Officer

Dated: May 13, 1996

By: /s/ John Schroepfer

John Schroepfer, Vice President
Finance & Administration
(Principal Financial and Accounting
Officer)

EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	PAGE IN MANUALLY SIGNED ORIGINAL
<S>	<C>	<C>
4.1.	See Articles FOUR, FIVE, SIX and SEVEN of the Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K, as amended, for July 18, 1995; Commission File No. 0-20676).	*
4.2.	See Articles II and VI and Section 2 of Article III and Section 4 of Article VII of the Amended and Restated By-Laws of the Registrant (incorporated by reference to Exhibit 99.4 to the Registrant's Current Report on Form 8-K for July 18, 1995; Commission File No. 0-20676).	*
4.3.	Specimen of Class E Redeemable Common Stock Purchase Warrant certificate (incorporated by reference to Exhibit 4.9 to the registration statement on Form S-1, No. 33-51446).	*
4.4.	Warrant Agreement dated November 10, 1992 between Registrant and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.4 to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1992; Commission File No. 0- 20676 (the "1992 Form 10-KSB")).	*
4.5.	Supplemental Warrant Agreement dated November 12, 1993 between the Registrant and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.5 of registration statement on Form S-3, No. 33-72658).	*
4.6.	Rights Agreement dated as of July 18, 1995 between the Registrant and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 1 of the registration statement on Form 8-A; Commission File No. 0-20676).	*
10.3.33.	Investment Agreement dated January 31, 1996 between the Registrant and XTL Biopharmaceuticals, Ltd. ("XTL")	16
10.3.34.	$1,500,000 5% Convertible Subordinated Debenture Due February 13, 1998 of XTL issued to registrant on February 13, 1996	39
10.3.35.	Investors' Rights Agreement dated February 5, 1996 between registrant and XTL	52
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* Incorporated by reference

Exhibit 10.3.33

INVESTMENT AGREEMENT

JANUARY 31, 1996

NEOPROBE CORPORATION, a Delaware corporation ("Neoprobe"), having its principal place of business at 425 Metro Place North, Suite 400, Dublin, Ohio 43017-1367, telephone (614) 793-7500, facsimile (614) 793-7522, and

XTL BIOPHARMACEUTICALS, LTD., a public company organized under the laws of the State of Israel ("XTL"), having its principal place of business at Kiryat Weizmann Industrial Park, Rehovot, Israel, telephone 972-8-940-5134, facsimile 972-8-940-5017

hereby agree as follows:

PREAMBLE:

1. XTL desires to issue to Neoprobe $1,500,000 of its 5% Convertible Subordinated Debentures due February 5, 1998 in the form attached as Exhibit A hereto (the "Debentures"), the Warrant (as hereinafter defined) and one Class E Common Share of XTL (the "Class E Share").

2. The Debentures will be convertible under certain circumstances into shares of Class A Common Shares of XTL (the "XTL Common Shares") in accordance with the terms set forth in the Debentures. Neoprobe will be granted certain registration rights with respect to such XTL Common Shares as set forth in the Investor's Rights Agreement attached as Exhibit B hereto.

3. Neoprobe desires to issue to XTL in consideration for the issuance of the Debentures, the Warrant and the Class E Share 125,000 shares of the common stock, par value $.001 per share of Neoprobe (the "Neoprobe Common Shares").

4. Neoprobe will issue the Neoprobe Common Shares to XTL pursuant to an exemption from registration provided by Rule 903 of Regulation S ("Regulation S") promulgated under the Securities Act of 1933 (the "Securities Act") by the United States Securities and Exchange Commission (the "Commission").

TERMS:

Article 1. Transaction.

Part 1.1. Issuance by XTL.

Section 1.1.1. Debentures. Subject to the terms and conditions of this Agreement, Neoprobe hereby agrees to purchase, and XTL hereby agrees to issue and sell, $1,500,000 of Debentures at the Closing (as defined below) free and clear of all liens, encumbrances and adverse claims (other than the encumbrances created by this Agreement).

Section 1.1.2. Purchase of Warrant. Subject to the terms and conditions of this Agreement, Neoprobe hereby agrees to purchase, and XTL hereby agrees to issue and sell, the Warrant to Neoprobe at the Closing free and clear of all liens, encumbrances and adverse claims (other than encumbrances created by this Agreement).

Section 1.1.3. Class E Share. Subject to the terms and conditions of this Agreement, Neoprobe hereby agrees to purchase, and XTL hereby agrees to issue and sell, one Class E Share at the Closing free and clear of all liens, encumbrances and adverse claims (other than the encumbrances created by this Agreement).

Part 1.2. Issuance by Neoprobe. Subject to the terms and conditions of this Agreement, XTL hereby subscribes for and shall purchase 125,000 Neoprobe Common Shares from Neoprobe at the Closing and Neoprobe shall issue and sell the

Neoprobe Common Shares to XTL at the Closing free and clear of all liens, encumbrances and adverse claims (other than encumbrances created by this Agreement).

Article 2. Closing.

Part 2.1. Closing. The Closing shall take place at 10:00 a.m., Eastern Time, at the offices of Goldfarb, Levy, Eran & Co., on the Closing Date and all of the events and transactions which occur thereat shall be deemed to be simultaneous.

Part 2.2. Deliveries by XTL. At the Closing, XTL shall deliver to Neoprobe:

(i) Duly executed instruments representing the Debentures registered in the name of Neoprobe;

(ii) The Warrant duly executed by XTL;

(iii) Duly executed certificate representing the Class E Share registered in the name of Neoprobe;

(iv) A certificate of the principal executive and financial officers of XTL, dated the Closing Date, certifying as to the satisfaction of the conditions in Sections 5.1.1 and 5.1.2 hereof;

(v) A certificate, dated the Closing Date, of the Secretary of XTL certifying (A) that complete and accurate copies of the resolutions of XTL's board of directors and general meeting of shareholders, as appropriate, adopting the XTL Recapitalization and approving the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby are attached thereto, (B) that such resolutions are in full force and effect and have not been amended or repealed and (C) the names and titles of the officers of XTL who have executed the documents, certificates and instruments delivered at the Closing and their signatures;

(vi) An opinion of Goldfarb, Levy, Eran & Co., counsel to XTL, dated the Closing Date, in the form attached hereto as Exhibit D;

(vii) A counterpart of this Agreement duly executed by XTL;

(viii) A counterpart of the Investor's Rights Agreement duly executed by XTL; and

(ix) A counterpart of the Research Agreement in the form attached as Exhibit E hereto (the "Research Agreement") duly executed by XTL.

Part 2.3. Deliveries by Neoprobe. At the Closing, Neoprobe shall deliver to XTL:

(i) Duly executed certificates representing the Neoprobe Common Shares registered in the name of XTL;

(ii) A certificate, dated the Closing Date, of the Secretary of Neoprobe certifying (A) that complete and accurate copies of the resolutions of Neoprobe's board of directors approving the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby are attached thereto, (B) that such resolutions are in full force and effect and have not been amended or repealed and (C) the names and titles of the officers of Neoprobe who have executed the documents, certificates and instruments delivered at the Closing and their signatures;

(iii) An opinion of Schwartz, Warren & Ramirez, counsel to Neoprobe, dated the Closing Date, in the form attached hereto as Exhibit F;

(iv) A counterpart of this Agreement duly executed by Neoprobe;

(v) A counterpart of the Investor's Rights Agreement duly executed by Neoprobe; and

(vi) A counterpart of the Research Agreement duly executed by Neoprobe.

Article 3. Representations and Warranties.

Part 3.1. Representations and Warranties Concerning XTL. XTL hereby represents and warrants to Neoprobe that:

Section 3.1.1. Disclosure Schedule, Deliveries.

(a) The Disclosure Schedule sets forth all of the information concerning XTL and its subsidiaries required in this Part 3.1. To the extent any statement in this Part 3.1 is untrue or omits to state a material fact necessary to make such statement not misleading, the Disclosure Schedule sets forth the statements necessary to make the statements in this Part 3.1 true and not misleading. All information and statements set forth in the Disclosure Schedule shall be deemed to supersede and correct the statements made in this Part 3.1 and to be additional representations and warranties of XTL. The Disclosure Schedule sets forth all of the information and statements required in numbered sections bearing the number of the Section of this Agreement calling for such information and in the order of such numbers in this Agreement.

(b) XTL has delivered to Neoprobe complete and accurate copies of: (i) any written contract or other document referred to in the Disclosure Schedule, (ii) the articles of association of XTL, certified by its Secretary, which are in full force and effect and have not been amended or repealed since the date of such certificate, (iii) the resolutions of XTL's board of directors and general meeting of shareholders, as appropriate, adopting the XTL Recapitalization and approving the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, which are certified by its Secretary and are in full force and effect and have not been amended or repealed since the date of their adoption and (iv) the Financial Statements.

(c) Neither the Disclosure Schedule nor any financial statement, exhibit, certificate or other instrument or document referred to herein or delivered by or on behalf of XTL in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact required to be stated or necessary to make the statements herein or therein not misleading.

Section 3.1.2. Corporate Matters of XTL.

(a) XTL is a corporation duly organized and validly existing under the laws of the State of Israel and has all requisite corporate power to own and operate its properties, to carry on its business as currently conducted, to execute, deliver and perform this Agreement, the Debentures and the Warrant and consummate the transactions contemplated hereby and thereby. XTL is duly qualified or authorized to do business as a foreign corporation in the jurisdictions set forth on the Disclosure Schedule which are all of the jurisdictions where it is required to be so qualified or authorized by law unless the failure to be so qualified or authorized would not have a material adverse effect on XTL.

(b) The Disclosure Schedule sets forth the authorized capitalization of XTL, the number of issued and outstanding shares thereof and the number of shares thereof held in treasury or reserved for issuance for any purpose and the purpose for which such shares are reserved, all as of the date hereof. The issued and outstanding XTL Common Shares, the Class E Share and Preferred Shares are duly authorized, validly issued, fully paid and non-assessable, with no personal liability attaching to the ownership thereof. The XTL Common Shares, the Class D Common Shares, the Class E Share, and the Preferred Shares are the only securities issued by XTL that confer any voting or consensual rights upon the owners thereof.

(c) There are no options, warrants, subscriptions, preemptive, conversion or other rights or contracts of any kind obligating XTL to issue or sell any shares of XTL of any class or any securities convertible into or exchangeable for any such shares other than this Agreement, the Debentures and the Warrant. There are no contracts which provide for the merger, consolidation, recapitalization or sale of a substantial part of the assets of XTL or any of its subsidiaries other than this Agreement. XTL is not

a party to nor does it know of any contract restricting the transfer of any XTL Common Shares or other securities issued by XTL other than this Agreement. There are no contracts requiring XTL to register any XTL Common Shares or other securities issued by XTL under the securities laws other than this Agreement. XTL is not a party to nor does it know of any proxy for the voting of any XTL Common Shares which is not revocable at the option of the grantor thereof without notice or penalty or any voting agreement, voting trust or other contract relating to the voting of any XTL Common Shares other than this Agreement. XTL has not issued any XTL Common Shares or other securities in violation of the preemptive rights of its present or former shareholders or the securities laws.

(d) The Disclosure Schedule sets forth the names and addresses of the record and beneficial owners of the XTL Common Shares, the number of shares owned by each of them and the nature of their ownership.

Section 3.1.3. Corporate Matters of the Subsidiaries.

(a) The Disclosure Schedule sets forth the name and jurisdiction of incorporation of each of the subsidiaries of XTL and each jurisdiction where each such subsidiary is qualified or authorized to do business as a foreign corporation. Neither XTL nor any of its subsidiaries has any material investment or interest in or holds any equity security issued by any person other than the subsidiaries of XTL or is a partner of or joint venturer with any person.

(b) Each of the subsidiaries of XTL is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power to own and operate its properties and to carry on its business as presently conducted or proposed to be conducted. Each subsidiary of XTL is duly qualified or authorized to do business as a foreign corporation in each jurisdiction where it is required to be so qualified or authorized by law unless the failure to be so qualified or authorized would not have a material adverse effect on such subsidiary.

(c) The Disclosure Schedule sets forth the authorized capitalization of each of the subsidiaries of XTL and the issued and outstanding shares thereof and the record and beneficial ownership of such shares, which are duly authorized, validly issued and outstanding, fully paid and non-assessable, with no personal liability attaching to the ownership thereof. Such shares are the only securities issued by such subsidiaries that confer any voting or consensual rights upon the owners thereof.

(d) There are no options, warrants, subscriptions, preemptive, conversion or other rights or contracts of any kind obligating any subsidiary of XTL to issue or sell any shares of any subsidiary of any class or any securities convertible into or exchangeable for any such shares. There are no contracts restricting the transfer of or requiring the registration of any securities issued by any of the subsidiaries of XTL. There are no voting agreements, voting trusts or other contracts relating to the voting of any shares issued by any of the subsidiaries of XTL. No subsidiary of XTL has issued any shares or other securities in violation of the preemptive rights of its present or former shareholders or the securities laws.

(e) XTL and its subsidiaries own the shares of the subsidiaries as shown on the Disclosure Schedule free and clear of any encumbrances.

Section 3.1.4. Books and Records.

(a) XTL and its subsidiaries have made and kept books, records, and accounts, which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of assets and those of their employee benefit plans; and have devised and maintained a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions have been and are executed in accordance with management's general or specific authorization; (ii) transactions have been and are recorded as necessary (A) to permit preparation of financial statements in conformity with GAAP, and (B) to maintain accountability for assets; (iii) access to assets has been and is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets has been and is compared with the existing

assets at reasonable intervals and appropriate action has been and is taken with respect to any differences.

(b) The minute books of XTL and each of its subsidiaries contain complete and accurate records of all meetings and consents of their respective directors, committees and shareholders and accurately reflect all of the corporate action taken by their respective directors, committees and shareholders since their respective incorporation. The stock transfer books and ledgers of XTL and each of its subsidiaries contain complete and accurate records of all issuances and transfers of record of any XTL Common Shares and any other securities issued by XTL or any of its subsidiaries.

Section 3.1.5. Financial Statements, Liabilities, Net Worth, Material Adverse Changes.

(a) The Financial Statements present fairly the consolidated financial position, results of operations, cash flows and changes in shareholders' equity of XTL and its subsidiaries at the respective dates and for the respective periods indicated therein in accordance with GAAP applied on a consistent basis, subject, in the case of any such statement for a period of less than a full fiscal year or as of a date other than a fiscal year end, to normal year end adjustments which are not material in amount, individually or in the aggregate. The assets and liabilities and items of income and expense on the Financial Statements are bona fide and were not acquired, earned or incurred pursuant to any contract or any other arrangement which was entered into, amended or terminated in anticipation of any of the transactions contemplated by this Agreement.

(b) Except to the extent reflected on or given effect to or reserved against in the Financial Statements, neither XTL nor its subsidiaries had any liabilities as of the date thereof, including, liabilities to guarantee or assume any obligation of any third party except endorsements of items for collection in the ordinary course of business.

(c) The shareholders' equity of XTL and its subsidiaries determined as of the date hereof on the basis of GAAP applied on a consistent basis is not less than $1,221,276.

(d) Since the Balance Sheet Date neither XTL nor any of its subsidiaries has:

(i) paid or discharged any of its obligations or any liens securing them other than those obligations that are due and payable in the ordinary course of business pursuant to the contract that created them or any law;

(ii) declared or paid any dividend, made any distributions to its shareholders or purchased or redeemed any XTL Common Shares or other securities issued by XTL or any of its subsidiaries;

(iii) waived, released, cancelled or compromised any account or note receivable or other obligation to pay it money or any lien securing any such receivable or obligation;

(iv) sold, encumbered (other than an immaterial encumbrance) or otherwise transferred any of its assets or properties other than inventory sold in the ordinary course of business and supplies consumed or abandoned in the ordinary course of business;

(v) purchased or entered into a contract to purchase property or assets other than inventory and supplies purchased in the ordinary course of business;

(vi) incurred any obligations, other than trade obligations entered into in the ordinary course of business and this Agreement;

(vii) defaulted on any contract or failed to pay any obligation to any government for taxes or otherwise when the same was due and payable;

(viii) issued or sold any XTL Common Shares or other securities or entered into any option or other contract to issue or sell any XTL Common Shares or other securities;

(ix) suffered any casualty loss or event which gave rise to any claim for personal injury, property damage or errors and omissions (whether or not covered by insurance);

(x) entered into any contract that is not cancellable without payment or advance notice with or for the benefit of or increased the compensation payable or to become payable to any of its directors, officers or employees or hired any employee or consultant at a rate of compensation exceeding $60,000 per year;

(xi) adopted, amended, terminated or made any contribution to (other than those which were regularly scheduled) any employee benefit plan;

(xii) made any loan to or entered into any other transaction with any of its officers, directors, shareholders or their affiliates other than current compensation payable for services rendered in the ordinary course of business;

(xiii) entered into any transaction not in the ordinary course of its business other than this Agreement;

(xiv) changed the nature of its business or any accounting methods or principles; or

(xv) suffered any material adverse change in its properties, business or financial condition.

(e) Since the end of the last fiscal year of XTL there have been no terminations, cancellations or limitations of or modifications or change in the business relationship of XTL or any of its subsidiaries with any customer or group of customers who provided more than five percent of revenues during any fiscal year reflected in the Financial Statements. Neither XTL nor any of its subsidiaries has received any complaints from any of their customers alleging defects in their products (or the design thereof) or deficiencies in their services that, if true, would cause a material adverse change in their businesses or properties.

Section 3.1.6. Taxes.

(a) XTL and each of its subsidiaries have (i) filed with the appropriate governmental bodies or offices all tax returns that are required by law, which returns were prepared in conformity with all applicable laws, (ii) paid all taxes due and owing under any law or such tax returns or any assessment, deficiency notice, 30-day letter, or other notice received by them, (iii) made sufficient provision in the Financial Statements for all accrued but unpaid taxes of XTL and its subsidiaries as of the dates thereof including those items which (A) are disputed, (B) are the subject of an actual or proposed assessment, or (C) are reasonably likely to be disallowed. No governmental body or officer of any authority having jurisdiction over XTL or any of its subsidiaries has audited or examined the tax returns of XTL or any of its subsidiaries for any of their taxable years. No assessment, deficiency notice, 30-day letter, or similar notice has ever been issued to XTL or any of its subsidiaries by any other governmental body or officer of any authority having jurisdiction over XTL or any of its subsidiaries and XTL does not know of any basis for the issuance to it or any of its subsidiaries of any such assessment or notice. Neither XTL nor any of its subsidiaries has executed or filed with any governmental body or officer of any authority having jurisdiction over XTL or any of its subsidiaries any agreement extending the period for assessment or collection of any income or other taxes. XTL and each of its subsidiaries have withheld or collected from each payment made to any of their employees, the amount of all taxes, including income taxes, social security taxes and unemployment taxes required to be withheld or collected therefrom, and have paid the same to the proper governmental bodies or officers or authorized depositaries.

(b) Neither XTL nor its subsidiaries have filed any consolidated income tax return with any "affiliated group" of corporations (as such term is used in Section 1504 of the Code or any comparable provision of any other tax code applicable to XTL or any of its subsidiaries), where the common parent of

such group was a corporation other than XTL, and neither XTL nor any of its subsidiaries is, nor has been, a party to any contract relating to the allocation of taxes pursuant to which XTL or any of its subsidiaries has any liability to anyone other than XTL or any of its subsidiaries.

Section 3.1.7. Properties.

(a) The Disclosure Schedule sets forth a list of the bank or broker-dealer accounts in which XTL or its subsidiaries have deposited money or securities showing the name of the persons holding such accounts, the type of account and the balance therein as of a stated date not more than 10 days before the date hereof. Such accounts are insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. There are no arrangements or contracts for compensating balances in, and there are no encumbrances on such accounts or the money or securities therein other than immaterial encumbrances. The Disclosure Schedule sets forth a list of the securities that are owned, beneficially or of record, by XTL or any of its subsidiaries (other than securities issued by XTL or its subsidiaries) that are not held in such accounts. There are no encumbrances on such securities other than immaterial encumbrances.

(b) The accounts and notes receivable reflected on the Financial Statements as of the Balance Sheet Date or acquired thereafter by XTL arose in the ordinary course of business from bona fide transactions and have been collected in full or are current and will be collected in full (less any reserves for doubtful accounts on the Balance Sheet) within the later of 180 days after the date a statement thereof is first delivered to the obligor thereof or 30 days after the stated maturity of any note receivable having a stated maturity date. None of such accounts or notes receivable reflects work-in-progress or goods not yet delivered. Such accounts and notes receivable are the enforceable obligations of the obligors thereof and are neither subject to any offset or counter-claim by such obligors nor any encumbrance other than immaterial encumbrances.

(c) As of the Balance Sheet Date and the date of this Agreement, XTL has no inventory.

(d) The Disclosure Schedule sets forth a description of the tangible personal property (other than inventory) owned or used by XTL or any of its subsidiaries, by category, location and book value, whether it is owned or leased, and the terms of any applicable lease. The tangible personal property owned or leased by XTL or its subsidiaries is in good working condition and suitable for its intended uses. There are no encumbrances, other than immaterial encumbrances, on the tangible personal property owned by XTL or any of its subsidiaries that are or should be described on the Disclosure Schedule or on the leasehold interests in the tangible personal property leased by XTL or any of its subsidiaries that are or should be described on the Disclosure Schedule. Each lease of tangible personal property used by XTL or its subsidiaries is the enforceable obligation of the parties thereto and neither XTL nor its subsidiaries are in default of any such lease nor does XTL know of any default by the lessor of such property.

(e) The Disclosure Schedule sets forth a list of all interests in real property owned or used by XTL or any of its subsidiaries and the location, book value and ownership thereof and a description of the structures and improvements thereon. XTL or its subsidiaries have good and marketable title to the interests in the real property described on the Disclosure Schedule free and clear of encumbrances other than immaterial encumbrances. Each lease of real property used by XTL or its subsidiaries is the enforceable obligation of the parties thereto and neither XTL or its subsidiaries are in default of any such lease nor does XTL know of any default by the lessor of such property. The buildings and structures located on real property owned or used by XTL or its subsidiaries are in good condition and suitable for the uses intended.

(f) The real and personal property which XTL or its subsidiaries own or lease is all of the real and personal property necessary to operate their businesses as they are currently conducted. All tangible personal property owned or leased by XTL or its subsidiaries is located on property owned or leased by XTL or its subsidiaries.

Section 3.1.8. Marks, Intellectual Property.

(a) The Disclosure Schedule sets forth a list of the marks and intellectual property owned or used by XTL or any of its subsidiaries and a description of any licenses thereof. The marks and intellectual property listed on the Disclosure Schedule are all of the marks and intellectual property necessary to operate the business of XTL and its

subsidiaries as they are currently conducted. XTL and its subsidiaries own their interest in such marks and intellectual property free and clear of encumbrances other than immaterial encumbrances and may use or transfer them without any governmental permit or the consent or approval of any third party. To the extent that the ownership of such intellectual property and marks by XTL or any of its subsidiaries or the transfer thereof to XTL or any of its subsidiaries may be recorded, registered or filed with any government, such ownership or transfer has been so recorded, registered or filed and the Disclosure Schedule sets forth a list of such recordings, registrations and filings. All licenses of intellectual property by or to XTL or its subsidiaries are the enforceable obligations of the parties thereto and neither XTL nor its subsidiaries are in default thereof nor does XTL know of any default thereof by any other party to such licenses.

(b) The present conduct by XTL and its subsidiaries of their businesses does not infringe upon or conflict with the marks or intellectual property of others. To XTL's knowledge, no material use of marks or intellectual property owned by XTL or its subsidiaries has been or is being made except pursuant to the licenses set forth on the Disclosure Schedule.

(c) All marks and intellectual property owned by XTL or its subsidiaries are valid and enforceable. XTL has no knowledge of any claim or reason to believe that any mark or intellectual property of which it or any of its subsidiaries is the licensee is not the valid and enforceable property of its purported owner and that the licensor is duly authorized to license such mark or intellectual property.

(d) No intellectual property of XTL or any of its subsidiaries that is a trade secret or confidential information has been disclosed to any person under circumstances that would result in the loss of its secret or confidential status. XTL and each of its subsidiaries have taken all reasonable precautions to ensure that their trade secrets and confidential information remain secret or confidential. Each employee of XTL or any of its subsidiaries and any other person who has access to such trade secrets or confidential information has executed a written contract to maintain the secret or confidential status thereof, which is his enforceable obligation.

(d) None of the XTL intellectual property rights contemplated by the Research Agreement were developed or obtained with financial support by the Government of the State of Israel through the Office of the Chief Scientist.

Section 3.1.9. Insurance. The Disclosure Schedule sets forth a list of all insurance policies maintained by XTL or any of its subsidiaries on their properties or businesses or against liabilities showing the type of insurance, the insurer, policy number, amounts or limits of coverage, premium and policy terms. XTL and each of its subsidiaries have maintained and continue to maintain insurance with respect to their properties and businesses against loss, damage or liability of the kinds and in the amounts required by law or customarily insured against by prudent business persons engaged in similar businesses and similarly situated. All insurance policies maintained by XTL and its subsidiaries are in full force and effect, all premiums due thereon have been paid and XTL and its subsidiaries have complied with the provisions of such policies. There are no notices of any pending or threatened terminations or material premium increases with respect to any of such insurance policies. Neither XTL nor any of its subsidiaries has at any time since the beginning of the fifth full previous fiscal year of XTL had any insurance policy cancelled or application for insurance denied. There are no outstanding requirements or recommendations made by or on behalf of any insurance company that issued a policy with respect to any of the properties, operations or liabilities of XTL or any of its subsidiaries requiring or recommending any equipment or facilities to be installed on or in connection with any of the proper ties, operations or liabilities of XTL and its subsidiaries. The Disclosure Schedule sets forth a list of all claims made under any insurance policy maintained by XTL or any of its subsidiaries since the beginning of the fifth full previous fiscal year of

XTL. XTL and each of its subsidiaries have timely notified their insurers of any matter as to which a claim could be made during such time period and no insurer has denied any claim or disclaimed any coverage.

Section 3.1.10. Litigation. No litigation involving XTL, any of its subsidiaries, any of their officers, directors or employees based upon their actions or omissions as officers, directors or employees of XTL or any of its subsidiaries or any of their employee benefit plans was or is completed, pending, overtly threatened or planned by XTL or any of its subsidiaries at any time since the beginning of the fifth full previous fiscal year of XTL; nor does XTL know of any basis for any such litigation. Neither XTL nor any of its subsidiaries nor any of their officers, directors or employees (in their capacity as officers, directors or employees) nor any of their employee benefit plans are subject to any order of a tribunal. Neither XTL nor any of its subsidiaries nor any of their officers, directors or employees (in their capacity as officers, directors or employees) nor any of their employee benefit plans have waived any statute of limitations or other affirmative defense with respect to any pending, threatened or potential litigation.

Section 3.1.11. Employee Matters, Employee Benefit Plans.

(a) All of the employees of XTL are covered by severance pay and disability insurance as required by the laws of the State of Israel. All outstanding obligations of XTL relating to such insurance have been paid.

(b) The Disclosure Schedule sets forth a list of all contracts of XTL or any of its subsidiaries relating to employment, consulting, severance, compensation or collective bargaining and a description of the terms thereof. Such list need not include (a) contracts involving total payments by or to XTL or any of its subsidiaries of less than $60,000 or (b) contracts which are terminable by XTL or any of its subsidiaries without liability to any of them upon a notice of 91 days or less. Such contracts are the enforceable obligations of the parties thereto and neither XTL nor any of its subsidiaries is in default thereof nor does XTL know of any default thereof by any other person.

(c) The Disclosure Schedule sets forth a list showing the name, title, duties and compensation of each employee, officer, director or consultant of XTL or any of its subsidiaries whose annual rate of compensation exceeds $60,000 or who received more than $60,000 in compensation during the last fiscal year of XTL. None of such persons has terminated or overtly threatened to terminate his employment since the beginning of the last fiscal year of XTL. The Disclosure Schedule sets forth a list of automobiles, airplanes, real estate, club memberships and other perquisites provided to such persons or their affiliates and the names of the persons to whom they are provided. Neither XTL nor any of its subsidiaries has any liability for payment of wages, vacation pay (whether accrued or otherwise), salaries, bonuses, reimbursable employee business expenses, pensions, contributions under any employee benefit plans or any other compensation, current or deferred, under any labor or employment contracts, based upon or accruing with respect to those services of their employees performed before the date hereof except for any payment due for the current payroll or contribution period.

(d) XTL and each of its subsidiaries are in compliance with all laws respecting employment and employment practices, occupational safety and health, terms and conditions of employment, and wages and hours and have not engaged in any unfair labor practice. There is not now nor has there been since the beginning of the fifth full previous fiscal year of XTL any labor strike, threat of labor strike, organizational attempt, boycott, or informational or direct picketing or leafletting with regard to labor matters directed against XTL or any of its subsidiaries. No union representation question exists respecting the employees of XTL or any of its subsidiaries.

(e) The Disclosure Schedule sets forth the ratings of XTL and each of its subsidiaries, all claims against XTL or any of its subsidiaries and all claims against XTL or any of its subsidiaries that alleged a violation of specific safety requirements under any workers' compensation law since the beginning of the fifth full previous fiscal year of XTL.

Section 3.1.12. Contracts.

(a) The Disclosure Schedule sets forth a list of the contracts of

XTL or any of its subsidiaries and a description of the terms thereof with the termination date and conditions of assignment. Such

list includes any contract which by its terms (i) restricts XTL or any of its subsidiaries from doing any kind of business or from doing business in any place or from competing with any person; (ii) creates a lien or encumbrance other than an immaterial encumbrance on any of the properties or assets of XTL or any of its subsidiaries; (iii) guarantees, indemnifies or otherwise makes XTL or any of its subsidiaries liable for the obligations of any third party, including contracts to take or pay or to maintain working capital; (iv) allows or requires XTL or its subsidiaries to borrow money, sell receivables, issue securities or defer any part of the purchase price of property; (v) grants any power of attorney; (vi) provides for the transfer of assets or property to or from XTL or its subsidiaries; (vii) relates to any interest rate or currency swap, futures contract or put or call option on financial instruments, cash, commodities or repurchases or reverse repurchases of financial instruments; or (viii) provides for the payment of any brokerage, finder's fee, investment advisory fee or other consideration to any broker, finder or investment banker or adviser. Such list need not include (a) contracts involving total payments by or to XTL or any of its subsidiaries of less than $30,000, (b) contracts which are terminable by XTL or any of its subsidiaries without liability to any of them upon a notice of 91 days or less or (c) any contract listed in another section of the Disclosure Schedule.

(b) The contracts listed on the Disclosure Schedule or which should be listed thereon are enforceable obligations of the parties thereto, neither XTL nor any of its subsidiaries is in default thereof, XTL does not know of any default thereof by any other party to such contract, the interest of XTL or its subsidiaries in such contracts is not subject to any encumbrance other than an immaterial encumbrance, and such contracts are all of the contracts that are necessary for XTL and its subsidiaries to operate their businesses. No contract of XTL or any of its subsidiaries has a material adverse effect on their businesses or properties.

Section 3.1.13. Regulation, Compliance With Laws.

(a) The Disclosure Schedule lists all of the governmental permits held by XTL, any of its subsidiaries or any of their employees which are all of the governmental permits that XTL, its subsidiaries or their employees need so that XTL and its subsidiaries may own their assets or properties and carry on their businesses as currently conducted, or proposed to be conducted, without violating any law.

(b) The corporate proceedings, securities, operations, business, management, properties, assets, contracts and financial affairs of XTL and its subsidiaries have complied and presently are in compliance with all laws and orders of a tribunal applicable to XTL or any of its subsidiaries and all governmental permits held by any of them.

(c) Neither XTL nor any of its subsidiaries nor any of their employees have received notice, nor do any of them have reason to believe, that any governmental body or officer intends to cancel or terminate any governmental permit or that valid grounds for such cancellation or termination currently exist. Neither XTL nor any of its subsidiaries nor any of their employees are subject to any order of a tribunal relating to any activities of any type in connection with the business now engaged in by any of them, or had its or his governmental permit to conduct, participate or be involved in any business denied, revoked, restricted or suspended or been involved in any litigation to deny, revoke, restrict or suspend any such governmental permit or to issue an order of a tribunal relating to activities connected with such businesses.

(d) As used in this Section 3.1.13. the term "hazardous materials" means any substances identified as "hazardous substances" or "hazardous waste" or as requiring special handling in their collection, storage, treatment or disposal, under any law relating to the environment, and includes refined petroleum products, asbestos and polychlorinated biphenyls; and the term "release of hazardous materials" means any spilling, leaking, pumping, emitting, emptying, discharging, injecting, escaping, leaching, dumping, discarding, burying, abandoning or disposing of any hazardous materials into the environment by any person. The operations and properties of XTL comply with all laws, orders of a tribunal and governmental permits relating to the environment

and neither XTL nor any of its subsidiaries is required to make any expenditure or take any

action to maintain such compliance that would have a material adverse effect on any of them. Neither XTL nor any of its subsidiaries has released any hazardous materials in quantities that must be reported to any governmental body or officer nor does XTL know of any such release by any third parties on any property owned or leased by XTL or any of its subsidiaries. There are no above-ground storage tanks containing hazardous materials upon any property owned or leased by XTL, and XTL does not know of any underground storage tanks on such property.

Section 3.1.14. Certain Interests. No director or officer of XTL or any of its subsidiaries, no person who owns beneficially or of record 5% or more of the XTL Common Shares, and no affiliate of any of the foregoing, directly or indirectly, (i) owns any interest in any assets or properties owned or used by XTL or any of its subsidiaries; (ii) owns any interest in, controls, or is an employee, officer, director, or agent of, or consultant to any other person which is a competitor, supplier, customer, lessor, or lessee of XTL or any of its subsidiaries; (iii) is indebted or liable to XTL or any of its subsidiaries; (iv) owns any interest in XTL or any of its subsidiaries other than XTL Common Shares, or (v) owns, holds, or has guaranteed any obligation or debt of XTL or any of its subsidiaries. No director, officer, employee, consultant, accountant or attorney of XTL or any of its subsidiaries is a relative, spouse or relative of the spouse of any director or officer of XTL or any of its subsidiaries or any beneficial or record owner of 5% or more of the XTL Common Shares.

Section 3.1.15. Due Authorization, Execution, Binding Effect, No Conflicts or Consents.

(a) The execution, delivery and performance of this Agreement, the Debentures, the Warrant and the Class E Share by XTL and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate proceedings of XTL.

(b) This Agreement has been duly executed and delivered by XTL and is, together with the documents and agreements contemplated hereby, an enforceable obligation of XTL.

(c) The execution, delivery and performance of this Agreement by XTL and the consummation of the transactions contemplated hereby will not (i) violate any law or order of a tribunal applicable to XTL or any of its subsidiaries or any governmental permit held by any of them or provide the basis for the revocation or nonrenewal of any such governmental permit; (ii) result in a default under (A) any contract which is or should be listed on the Disclosure Schedule, (B) any security issued by XTL or any of its subsidiaries or (C) the certificates or articles of incorporation of XTL or any of its subsidiaries or their regulations or bylaws; (iii) require any governmental permit or the consent or approval of any other person; or (iv) require any severance or other payment to any employee of XTL or its subsidiaries or any other person.

(d) The Warrant has been duly authorized and, when issued and paid for in accordance with this Agreement, will be the enforceable obligation of XTL, and will be free and clear of all liens, encumbrances and adverse claims other than restrictions on transfer under this Agreement, applicable state and federal securities laws or otherwise imposed by or through Neoprobe. The XTL Common Shares issuable upon conversion of the Debenture purchased under this Agreement or upon exercise of the Warrant have been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debenture or the Warrant, will be duly and validly issued, fully paid, and nonassessable and will be free and clear of all liens, encumbrances and adverse claims other than restrictions on transfer under this Agreement, applicable state and federal securities laws or otherwise imposed by or through Neoprobe. The Class E Share has been duly and validly issued, fully paid, and nonassessable and is free and clear of all liens, encumbrances and adverse claims other than restrictions on transfer under this Agreement or the XTL articles of association, applicable state and federal securities laws or otherwise imposed by or through Neoprobe.

(e) Subject in part to the truth and accuracy of Neoprobe's representations set forth in Part 3.3 of this Agreement, the offer, sale and issuance of the Debenture, the Warrant and the Class E Share as contemplated by

this Agreement are exempt

from the registration requirements of the Securities Act of 1933, and neither XTL nor any person acting on its behalf will take any action hereafter that would cause the loss of such exemption.

Part 3.2. Representations and Warranties of XTL Concerning Regulation S. XTL represents and warrants to Neoprobe as follows:

Section 3.2.1. Exempt Offering. XTL understands that the Neoprobe Common Shares have not been registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of Neoprobe Common Shares hereunder is exempt from registration under the Securities Act pursuant to Rule 903 of Regulation S promulgated thereunder, that Neoprobe's reliance on such exemption is predicated on XTL's representations set forth herein and that in order to obtain such exemption, the transfer of such Neoprobe Common Shares is restricted by Section 3.2.2 of this Agreement.

Section 3.2.2. Transfer Restrictions. XTL will not offer for sale, sell or otherwise transfer any Neoprobe Common Shares unless such shares have been registered under the Securities Act or such offer, sale or transfer are exempt from such registration. XTL will not transfer any Neoprobe Common Shares into the United States, or to or for the account or benefit of a United States Person (as such term is defined in Regulation S) for a period of 40 days after the Closing Date unless such transfer is pursuant to a registration statement under the Securities Act. XTL has not, directly or indirectly, established a short position in Neoprobe Common Shares either through sales of Neoprobe Common Shares borrowed from others or by means of transactions in calls, puts, options, warrants or other rights to purchase or sell Neoprobe Common Shares. XTL will not establish such a position in Neoprobe Common Shares before 40 days from the Closing Date except to the extent it owns Neoprobe Common Shares which are registered for resale under the Securities Act or which may be sold in the United States without such registration and without compliance with Rule 144.

Section 3.2.3. Investment Intent. XTL is purchasing the Neoprobe Common Shares for XTL's own account and not for other persons and for investment and not with a view to the distribution of any of the Neoprobe Common Shares.

Section 3.2.4. Information. XTL has received copies of Neoprobe's Annual Report on form 10-KSB for its fiscal year ended December 31, 1994, its Prospectus dated May 25, 1995 as filed with the Commission, and its quarterly report on Form 10-QSB for the quarter ended September 30, 1995 (collectively referred to as the "Disclosure Documents"). Neoprobe has delivered no other material, nor made any oral or written representations to XTL regarding Neoprobe or its prospects other than those representations contained in the Disclosure Documents or in this Agreement. XTL has had an opportunity to ask questions and receive answers from Neoprobe regarding the terms and conditions of this Agreement and the business, properties, financial condition and prospects of Neoprobe and to obtain additional information (to the extent Neoprobe possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to XTL in the Disclosure Documents or otherwise.

Section 3.2.5. Non-U.S. Person.

(a) XTL is a non-U.S. Person (as defined in Regulation S) and is not purchasing the Neoprobe Common Shares for the account or benefit of a U.S. Person.

Section 3.2.6. Investor Sophistication; Suitability. XTL has such knowledge and experience in financial and business matters that XTL is capable of evaluating the merits and risks of investment in the Neoprobe Common Shares. XTL has determined that the Neoprobe Common Shares are a suitable investment for XTL and that XTL could bear the complete loss of XTL's investment in the Neoprobe Common Shares.

Section 3.2.7. Indemnification. XTL shall indemnify Neoprobe, each of its directors and officers, each legal counsel and independent accountant of Neoprobe and each person who controls Neoprobe (within the meaning of the Securities Act), against any and all claims, losses and liabilities (and actions and proceedings in respect thereof) arising out of or

related to any breach of any warranty or agreement made by XTL in this Section 3.2 or any misrepresentation of XTL contained herein and will reimburse Neoprobe, such directors, officers, persons or control persons for any legal or any other expense reasonably incurred in connection with investigating or defending any such claim, loss, liability, action or proceeding; provided however that XTL's liability for indemnification pursuant to this Section 3.2.7 shall not exceed the market value (as of the date of this Agreement) of the Neoprobe Common Shares issued to XTL pursuant to Part 1.2.

Part 3.3. Representations and Warranties of Neoprobe. Neoprobe represents and warrants to XTL as follows:

Section 3.3.1. Due Authorization, Execution, Binding Effect, No Conflicts or Consents.

(a) The execution, delivery and performance of this Agreement by Neoprobe and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate proceedings of Neoprobe.

(b) This Agreement has been duly executed and delivered by Neoprobe and is, together with the documents and agreements contemplated hereby, an enforceable obligation of Neoprobe.

(c) The execution, delivery and performance of this Agreement by Neoprobe and the consummation of the transactions contemplated hereby will not (i) violate any law or order of a tribunal applicable to Neoprobe or any of its subsidiaries or any governmental permit held by any of them or provide the basis for the revocation or nonrenewal of any such governmental permit; (ii) result in a default under (A) any material contract to which Neoprobe is a party, (B) any security issued by Neoprobe or any of its subsidiaries or (C) the certificates or articles of incorporation of Neoprobe or any of its subsidiaries or their regulations or bylaws; or (iii) require any governmental permit or the consent or approval of any other person.

Section 3.3.2. Corporate Matters of Neoprobe.

(a) Neoprobe is a corporation duly organized and validly existing under the laws of the State of Delaware and has all requisite corporate power to own and operate its properties, to carry on its business as currently conducted, to execute, deliver and perform this Agreement and consummate the transactions contemplated hereby.

(b) The Neoprobe Common Shares to be issued to XTL pursuant to Section 1.2 have been duly authorized and, when issued in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable.

Section 3.3.3. Registration Not Required. Subject to the truth and accuracy of the representations of XTL set forth in Part 3.2 of this Agreement, the offer, sale and issuance of the Neoprobe Common Shares to XTL as contemplated by this Agreement are exempt from the registration and prospectus delivery requirements of Section 5 of the Securities Act. The issuance and sale of the Neoprobe Common Shares to XTL pursuant to this Agreement are exempt from the registration requirements of the Ohio Securities Act, O.R.C. Chapter 1707.

Section 3.3.4. Purchase Entirely for Own Account. The Debentures to be purchased by Neoprobe, the Warrant, the Class E Share and the XTL Common Shares issuable upon conversion of the Debentures or upon exercise of the Warrant will be acquired for investment and not with a view to the sale or distribution of any part thereof, and Neoprobe has no present intention of selling or otherwise distributing the same.

Section 3.3.5. Reliance Upon Neoprobe's Representations. Neoprobe understands that the Debentures, the Warrant and the Class E Share are not, and any XTL Common Shares acquired on conversion thereof or upon exercise of the Warrant at the time of issuance may not, be registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(2)

thereof, and that XTL's reliance on such exemption is predicated on Neoprobe's representations set forth herein.

Section 3.3.6. Receipt of Information. Neoprobe has had an opportunity to ask questions and receive answers from XTL regarding the terms and conditions of the offering of the Debentures and the Warrant and the business, properties, prospects, and financial condition of XTL and to obtain additional information (to the extent XTL possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to it or to which it had access. The foregoing, however, does not limit or modify the representations and warranties of XTL in Part 3.1 or Part 3.2 of this Agreement or the right of Neoprobe to rely thereon.

Section 3.3.7. Investment Experience. Neoprobe has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Debentures, the Warrant and the XTL Common Shares.

Section 3.3.8. Accredited Investor. Neoprobe is an Accredited Investor as such term is defined in Rule 501 of Regulation D of the Commission.

Article 4. Covenants.

Part 4.1. Covenants of XTL.

Section 4.1.1. Conduct of Business Until Closing Date. Except as Neoprobe may otherwise consent in writing, before the Closing Date, XTL will and will cause each of its subsidiaries to:

(a) operate their businesses in the usual, regular, and ordinary manner;

(b) maintain (i) all of the properties necessary for the conduct of their businesses in good condition and repair, normal wear and tear and damage due to fire or other unavoidable casualty excepted; (ii) their books, records, and accounts in the usual, regular, and ordinary manner on a basis consistent with prior years; (iii) insurance in full force and effect with responsible companies, comparable in amount, scope, and coverage to that in effect on the date of this Agreement; and (iv) their corporate existence, rights, privileges and franchises; and

(c) (i) duly comply with all laws applicable to them and the conduct of their businesses; (ii) prepare and file when due all tax returns and pay when due all taxes shown thereon as being then due and owing or which are assessed against them; and (iii) perform all of their contracts without default.

Section 4.1.2. Negative Covenants. Except as expressly contemplated by this Agreement or as Neoprobe may otherwise consent in writing, before the Closing Date, XTL will not and will not permit any of its subsidiaries to:

(a) (i) amend any of their certificates or articles of incorporation, regulations, or bylaws; (ii) merge with, consolidate with, or acquire all or substantially all of the stock or assets of any person; (iii) engage in any recapitalization; (iv) transfer, sell, or otherwise convey any significant part of their properties or assets; (v) dissolve; or (vi) discuss, negotiate, or assent to any such transactions;

(b) except as otherwise contemplated by this Agreement (i) change the number of XTL Common Shares or other securities issued and outstanding; (ii) issue or sell any XTL Common Shares or other securities; (iii) grant or sell any option, warrant, other right or contract to purchase, or right to convert any obligation into XTL Common Shares, Debentures or other securities.

Section 4.1.3. No Solicitation. Before the Closing Date, XTL will neither solicit nor enter into any contract or understanding with, nor furnish any non-public information concerning XTL or any of its subsidiaries to, any person other than Neoprobe with respect to the Debentures or any similar security.

Section 4.1.4. Advice of Changes, Monthly Financials.

(a) Between the date of this Agreement and the Closing Date, XTL will promptly advise Neoprobe in writing of any material adverse change in the business or properties of XTL or any of its

subsidiaries or of any fact which, if existing or known on the date of this Agreement, would have been required to be set forth in the Disclosure Schedule.

(b) Between the date of this Agreement and the Closing Date, XTL shall prepare and deliver to Neoprobe by the twentieth day following the end of each month an unaudited consolidated balance sheet of XTL and its subsidiaries as of the end of such month and the related consolidated unaudited statements of operations and cash flows of XTL and its subsidiaries for such month on the basis of GAAP used by XTL and its subsidiaries and applied consistently with the Financial Statements. Such statements shall present fairly the consolidated financial condition of XTL and its subsidiaries and the results of its operations at the dates and for the periods indicated subject to normal year end adjustments.

(c) No report, statement, document or information delivered to Neoprobe or any governmental body or officer or other person by XTL or its affiliates pursuant to this Agreement or to obtain the consent or approval of such governmental body or officer or other person to the transactions contemplated by this Agreement shall contain any untrue statement of a material fact or omit to state a material fact required to be stated or necessary to make the statements therein not misleading except to the extent that such untrue statement or omission was provided to XTL by Neoprobe. Compliance by XTL with any of the requirements of this Section 4.1.4 shall not, without the express written consent of Neoprobe, modify, alter or amend the representations and warranties made by XTL in this Agreement.

Section 4.1.5. Access. From the date of this Agreement until the Closing Date, XTL will afford to Neoprobe and its authorized representatives (including, but not limited to, Neoprobe's officers, counsel, accountants and financial advisers) full access to the properties, personnel, officers, directors, books, records and affairs of XTL and each of its subsidiaries upon reasonable advance notice during regular business hours; and XTL will furnish Neoprobe and such representatives with such additional documents (certified if requested), financial and operating data and other information concerning the assets, properties, business and affairs of XTL or any of its subsidiaries as Neoprobe or such representatives may from time to time reasonably request.

Section 4.1.6. Conduct. From the date of this Agreement until the Closing Date, except as provided by this Agreement or as Neoprobe may otherwise consent in writing, XTL will not and will cause its subsidiaries to not enter into any transaction, take any action, or permit any event to occur which would result in any of the representations and warranties made by XTL in this Agreement not being true and correct immediately after such transaction has been entered into or consummated or such event has occurred or on the Closing Date. XTL will and will cause its subsidiaries to use their best efforts to obtain the approvals and consents of all governmental bodies or officers and persons whose approval is required to satisfy the condition set forth in Section 5.1.4 hereof and to cause all of the conditions set forth in Part 5.1 hereof to have been satisfied at or before the Closing.

Section 4.1.7. Further Assurances. On or after the Closing Date, XTL shall execute and deliver to Neoprobe all such further assignments, endorsements, and other documents as Neoprobe may reasonably request in order to consummate the transactions contemplated by this Agreement.

Part 4.2. Covenants of Neoprobe.

Section 4.2.1. Compliance with the Securities Act. Neoprobe may not offer for sale or sell any securities issued by XTL unless such securities have been registered under the Securities Act and registered or qualified under applicable state securities laws or such securities or their offer or sale are exempt from such registration or qualification and XTL has received an opinion of counsel, in form and substance reasonably satisfactory to XTL, to the effect that such securities or their offer or sale are so exempt.

Article 5. Conditions Precedent.

Part 5.1. Conditions Precedent to the Obligations of Neoprobe. The obligations of Neoprobe under this Agreement are subject to satisfaction, on or before the Closing Date, of each of the following conditions:

Section 5.1.1. Accuracy of Representations and Warranties. The representations and warranties of XTL contained in this Agreement shall be true on and as of the Closing Date with the same effect as if they were made on and as of the Closing Date, except as affected by transactions contemplated hereby and except that any such representation and warranty made as of a specified date other than the date of this Agreement shall have been true as of such date.

Section 5.1.2. Performance of Agreements. XTL shall have performed all obligations and agreements and complied with all covenants contained in this Agreement which are to be performed and complied with by it on or before the Closing Date, including without limitation the covenants set forth in Part 4.1.

Section 5.1.3. Litigation. No litigation shall be pending or overtly threatened seeking an order of a tribunal against the transactions contemplated by this Agreement. No order of a tribunal against the transactions contemplated by this Agreement shall exist.

Section 5.1.4. Approvals. This Agreement and the transactions contemplated hereby shall have received any governmental permit and been approved by any person listed on the Disclosure Schedule pursuant to Section 3.l.15 hereof.

Section 5.1.5. Material Adverse Change. XTL and its subsidiaries shall not have suffered any material adverse change in their businesses or properties.

Section 5.1.6. Actions, Proceedings, etc. All actions, proceedings, instruments, and documents required to carry out the transactions contemplated by this Agreement or incidental thereto and all other related legal matters shall be reasonably satisfactory to and approved by Schwartz, Warren & Ramirez, counsel to Neoprobe; and such counsel shall be furnished with such other instruments and documents as they shall have reasonably requested.

Part 5.2. Conditions Precedent to the Obligations of XTL. The obligations of XTL under this Agreement are subject to satisfaction, on or before the Closing Date, of each of the following conditions:

Section 5.2.1. Accuracy of Representations and Warranties. The representations and warranties of Neoprobe contained in this Agreement shall be true on the Closing Date with the same effect as if they were made on the Closing Date, except as affected by transactions contemplated hereby and except that any such representation and warranty made as of a specified date other than the date of this Agreement shall have been true on and as of such date.

Section 5.2.2. Performance of Agreements. Neoprobe shall have performed all obligations and agreements and complied with all covenants contained in this Agreement or in any document delivered in connection herewith to be performed and complied with by it on or before the Closing Date.

Section 5.2.3. Litigation. No litigation shall be pending or overtly threatened seeking an order of a tribunal against the transactions contemplated by this Agreement. No order of a tribunal against the transactions contemplated by this Agreement shall exist.

Section 5.2.4. Approvals. This Agreement and the transactions contemplated hereby shall have received any governmental permit and been approved by any person required pursuant to Section 3.3.1 hereof and by any person listed on the Disclosure Schedule pursuant to Section 3.l.15 hereof (including without limitation the execution and delivery by Neoprobe of the letter requested by the Office of the Chief Scientist in substantially the form attached as Exhibit H).

Section 5.2.5. Material Adverse Change. Neoprobe and its subsidiaries shall not have suffered any material adverse change in their businesses or properties.

Section 5.2.6. Actions, Proceedings, etc. All actions, proceedings, instruments, and documents required to carry out the transactions con-

templated by this Agreement or incidental thereto and all other related legal matters shall be reasonably satisfactory to and approved by Goldfarb, Levy, Eran & Co., counsel to XTL; and such counsel shall be furnished with such other instruments and documents as they shall have reasonably requested.

Article 6. Interpretation.

Part 6.1. Definitions.

Section 6.1.1. Defined Terms. Certain words and phrases used in this Agreement shall have the meanings given to them below in this Section:

"Adverse claim" includes any claim that a transfer of any property or assets was or would be wrongful or that a particular adverse person is the owner of or has an interest in the property or asset transferred.

"Affiliate" means, with respect to a specified person, any other person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the specified person. A person shall be deemed to be an affiliate of a specified person if: (a) he is an employee, officer, director, partner, agent or attorney of such specified person; (b) he is the beneficial owner of 20% or more of any class of the equity securities of the specified person; (c) the specified person is the beneficial owner of 20% or more of any class of the equity securities of the other person; (d) he has a substantial beneficial interest in or serves as trustee or in a similar fiduciary capacity for any specified person that is a trust, estate or employee benefit plan; (e) it is an employee benefit plan for the benefit of the employees of the specified person; or (f) such other person is his relative or spouse or a relative of his spouse.

"Balance Sheet Date" means the date of the most recent audited balance sheet contained in the Financial Statements.

"Class E Share" means the Class E Common Share of XTL.

"Closing" means the meeting of the parties hereto on the Closing Date for the purposes of consummating the transactions contemplated by this Agreement.

"Closing Date" means February 5, 1996, or such other date as the parties hereto may mutually agree upon.

"Code" means the Internal Revenue Code of 1986 and the rules and regulations thereunder, as they may be amended from time to time.

"Companies Act" means the companies act or business corporation acts and laws applicable to XTL as a public company formed and existing under the laws of the State of Israel.

"Contract" means any contract or any agreement, promise or instrument, whether written or oral, that creates or evidences a right or an obligation of a person; organizes or constitutes a person that is a corporation, partnership, trust, estate or other entity or association; transfers, creates or evidences an interest in the property or assets of a person or sets forth the terms of an encumbrance on the property or assets of a person. A contract is a contract of a person if such person is a party to the contract, was organized or constituted under the con tract, has assumed any liability under the contract, has been delegated any duty under the contract, has been assigned any right under the contract or if the contract sets forth the terms of an encumbrance on property or assets owned by such person.

"Default" means with respect to any contract any event of default as defined therein or by any law or any event which with the giving of notice or the lapse of time would be such an event of default, any breach or violation of the terms thereof, and any event which with or without the giving of notice or the lapse of time gives any party to or holder of such contract the right to impose a lien or other onerous term or condition on the defaulting party or its properties or to terminate such contract. A default shall be deemed to exist if a party gives or receives notice thereof, whether or not the factual basis of such notice is disputed.

"Disclosure Schedule" means the schedule of information concerning XTL and its subsidiaries as

called for by this Agreement attached hereto as Exhibit G and made a part hereof.

"Eastern Time" means Eastern Standard Time or Eastern Daylight Time as in effect at Columbus, Ohio on a given day.

"Employee benefit plan" means, for any person, any employee benefit pension plan or employee benefit welfare plan and any other plan, benefit or program of benefits or perquisites provided to directors, officers or employees of any person, including, but not limited to, vacation and sickness plans or policies and severance pay and bonus plans or policies. The term "employee benefit plan" includes any employee benefit plan which has been terminated but which still has assets or obligations to which any such person is still liable.

"Encumbrance" means any right, title or interest in property other than the right, title and interest of the owner thereof who has possession and control over the property. The term encumbrance includes liens, contracts of sale, restrictions on use or transfer, consignments, powers of attorney or appointment, restrictions on use or transfer, adverse claims and claims of infringement and defects in title.

"Enforceable obligation" means with respect to a contract of a person that such contract is the valid, legally binding obligation of the person and is enforceable against such person in accordance with its terms.

"Financial Statements" means the financial statements, footnotes, auditors' reports and schedules of XTL and its subsidiaries as a consolidated group for the fiscal year ended December 31, 1994 and for the first three quarters during its most recent fiscal year.

"GAAP" means Israeli generally accepted accounting principles.

"Government" means the United States of America, any state thereof, any foreign sovereign and any political subdivision of the foregoing including, but not limited to, any province, district, municipality or county.

"Governmental body or officer" means any agency, department, instrumentality, body or officer of any government, including courts and judges, and any private organization, such as the National Association of Securities Dealers, Inc., to the extent that it is granted governmental powers by any government.

"Governmental permit" means any permit, license, registration, approval, certificate of need or authority issued by any governmental body or officer that is required by any law to be obtained by any person in order to own or use any specified assets or properties or engage in any specified transaction, activity or business, without violating a specified law; any exemption from such a requirement that is not available without any filing with or other action by any governmental body or officer and any consent or approval of any private party, such as Underwriters Laboratories, required by any law to be obtained in order to own or use any specified assets or properties or engage in any specified transaction, activity or business without violating a specified law.

"Immaterial encumbrances" means (i) liens for current taxes not yet due and payable, (ii) imperfections of title and easements which are immaterial in character, amount or extent and do not detract from the value or interfere with the use of the property subject thereto and (iii) statutory and common law liens of landlords, carriers, warehousemen, mechanics, workmen and materialmen incurred in the ordinary course of business for sums not yet due.

"Includes" means includes, but is not limited to.

"Intellectual property" means any works of authorship, whether or not copyrighted, any invention, design, process or plant, whether or not patented, any mask work whether or not registered under Title 17 of the United States Code and any customer lists, trade secrets, confidential information, know how or other intellectual property, including computer programs, databases, software and systems as well as programs, methods, forms, systems, processes, products

and services which are not implemented on electronic data processing equipment.

"Law" means any law (whether enacted by statute, constitution or ordinance, declared by any court (whether at law or in equity) or established by other means) of any government having jurisdiction over a person or its assets or property and any rule or regulation of any governmental body or officer having jurisdiction over a person or its assets or property.

"Lease" means any lease or other contract (however denominated) providing for the use by one person of real or personal property owned by another person.

"Liability" has the same meaning as obligation.

"Lien" means a charge against or an interest in property to secure payment of a debt or performance of an obligation, and includes a security interest created by agreement, a judicial lien obtained by legal or equitable process or litigation, a common law lien or a statutory lien.

"Litigation" means any civil, criminal or administrative actions, suits or proceedings before any governmental body or officer or any arbitrator or private tribunal and further includes any investigation, grand jury or discovery preparatory to any threatened, contemplated or possible litigation.

"Mark" means any trademark, trade name, service mark, corporate name or other proprietary designation or any application or filing with respect to any of the foregoing.

"Material adverse change in a person's business or properties" means a material decrease in the person's revenues, cash flow or income or the value of its assets or properties or material increase in its expenses or obligations or the occurrence of any event, including casualty, commencement of litigation, strikes, war, civil disturbance, natural disaster, or changes in the law that individually or in the aggregate have resulted in or are reasonably likely to result in a current or future material decrease in the person's revenues, cash flow or income or the value of its assets or properties or material increase in its expenses or obligations.

"Material adverse effect" means that the occurrence or non-occurrence of a specified action, event or transaction would cause a material adverse change in the specified person's business or properties.

"Obligation" means any obligation that a specified person has to pay money, transfer any asset or property, render services or to perform or refrain from any act, whether it was created by law, order of a tribunal or contract and whether or not it is legal or equitable, reduced to judgment, liquidated or unliquidated, contingent or fixed, matured or unmatured, disputed or undisputed, known or unknown or secured or unsecured. The term obligation does not include the general obligation that persons have to obey the laws of governments having jurisdiction over them, but it does include damages, fines and penalties arising out of violations of such laws and obligations to pay taxes.

"Or" is disjunctive but not exclusive.

"Order of a tribunal" means any order, writ, judgment or injunction issued by any court or other governmental body or officer or any arbitrator or private tribunal as the result of or ancillary to any litigation, which requires the performance or refraining from performance of an act, transfers any interest in property or declares any rights with respect to any property, contract or transaction. The term order of a tribunal does not include money judgments which are enforceable only by legal process. Such term for a given person also includes any agreement, undertaking or understanding between such person and any governmental body or officer acting as a regulatory authority.

"Person" means any individual, corporation, general or limited partnership, estate, trust, or governmental body or officer and any other entity or association that has the power to own property, enter into contracts or to sue and be sued.

"Recapitalization" means, with respect to any security, any issuance of securities with respect thereto as a dividend or any issuance, combination or other change in such security pursuant to any amendment of the issuer's

certificate or articles of incorporation or a merger, consolidation, purchase or sale of assets, dissolution, or plan of arrangement, compromise or reorganization of the issuer.

"Securities" means securities as such term is defined in the Securities Act whether or not the securities in question are exempt from any of the provisions of such act.

"Securities laws" means the Securities Act, the Securities Exchange Act of 1934, all regulations and rules thereunder, and all applicable state securities or "blue sky" laws and the rules and regulations thereunder, each as they may be amended from time to time.

"Subsidiary" means any corporation of which more than 50% of the outstanding securities having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether or not at the time securities of any other classes of such corporation have or might have voting power by reason of the happening of any contingency) is directly or indirectly owned by a per son or its other subsidiaries.

"Tax returns" means all tax returns, information returns, tax reports, declarations or similar documents required to be filed with any governmental body or officer.

"Taxes" means all taxes including excise taxes, ad valorem taxes and transfer taxes and fees and other governmental charges of any nature imposed upon a person or any of the properties, tangible or intangible assets, income, receipts, payrolls, transactions, stock transfers, capital, net worth or franchises of a person; all sales, use, withholding or other taxes required to be collected from customers, employees and other third parties and paid over to any government; and all additions to tax, penalties or interest which relate in any way to such taxes or any assessment or collection thereof.

"Transfer" means every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with an asset or property or of an interest therein, and includes payment of money, release, lease, abandonment and creation of a lien or other encumbrance.

"Warrant" means the Warrant to purchase XTL Common Shares in the form of Exhibit C attached hereto.

"XTL Common Shares" means the Class A ordinary shares of XTL.

"XTL Recapitalization" means the recapitalization of the capital structure of XTL as outlined in Section 3.1.2 of the Disclosure Schedule.

Section 6.1.2. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

Section 6.1.3. Effect of Definitions. The definitions set forth in Section 6.1.1 above shall apply equally to the singular, plural, adjectival, adverbial and other forms of any of the words and phrases defined regardless of whether they are capitalized.

Part 6.2. Scope.

Section 6.2.1. This Agreement. This Agreement consists of the title, date, names of parties, and preamble set forth above, these terms, the signatures of the parties and the information set forth on the signature pages below, the exhibits attached hereto and the certificates, documents and other instruments required to be delivered hereunder; and any reference to this Agreement refers to all of such constituents. The date first set forth above shall be deemed to be the date hereof for all purposes. The statements set forth in the preamble are made for the purpose of providing background information that will assist persons who read this Agreement in interpreting it. Such statements do not constitute representations, warranties or covenants of the parties hereto and they may be contradicted by the parties.

Section 6.2.2. Case and Gender. In this Agreement, unless the context otherwise requires, words in the singular number include the plural, and in the plural include the singular; and words of the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter

gender may refer to any gender.

Article 7. General.

Section 7.1.1. Nature and Survival of Representations. The representations, warranties and

agreements made by the parties hereto in this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby.

Section 7.1.2. Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses; provided, however, that XTL shall bear all costs and expenses of Sunrise Financial Group.

Section 7.1.3. Public Announcements. XTL and Neoprobe will consult with each other before issuing any press release or otherwise making a public statement or announcement concerning the transactions contemplated by this Agreement.

Section 7.1.4. This Agreement. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and it supersedes and discharges all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter. There are no oral conditions precedent to the effectiveness of this Agreement.

Section 7.1.5. Non-Waiver. Neither the failure of nor any delay by any party to this Agreement to enforce any right hereunder or to demand compliance with its terms is a waiver of any right hereunder. No action taken pursuant to this Agreement on one or more occasions is a waiver of any right hereunder or constitutes a course of dealing that modifies this Agreement.

Section 7.1.6. Waivers. No waiver of any right or remedy under this Agreement shall be binding on either party unless it is in writing and is signed by the party to be charged. No such waiver of any right or remedy under any term of this Agreement shall in any event be deemed to apply to any subsequent default under the same or any other term contained herein.

Section 7.1.7. Amendment. No amendment, modification or termination of this Agreement shall be binding on either party hereto unless it is in writing and is signed by the party to be charged.

Section 7.1.8. Severability. The terms of this Agreement are severable and the invalidity of all or any part of any term of this Agreement shall not render invalid the remainder of this Agreement or the remainder of such term. If any term of this Agreement is so broad as to be unenforceable, such term shall be interpreted to be only so broad as is enforceable.

Section 7.1.9. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the parties, their respective heirs, personal representatives or corporate or partnership successors.

Section 7.1.10. Third Parties. Nothing herein expressed or implied is intended or shall be construed to give any person other than the parties hereto any rights or remedies under this Agreement.

Section 7.1.11. Saturdays, Sundays and Holidays. Where this Agreement authorizes or requires a payment or performance on a Saturday, Sunday or public holiday, such payment or performance shall be deemed to be timely if made on the next succeeding business day.

Section 7.1.12. Rules of Construction. In this Agreement, words in the singular number include the plural, and in the plural include the singular; and words of the masculine gender include the feminine and the neuter, and words of the neuter gender may refer to any gender. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit or describe the scope or intent of the provisions of this Agreement.

Section 7.1.13. Notices. Any notice, request or other communication

required or permitted to be given under this Agreement shall be duly given if it is in writing and delivered in person or mailed by air-mail, postage prepaid, or sent by facsimile transmission, and directed to the party at the address set forth under such parties' signature hereto and with such copies delivered, transmitted or mailed to such persons as are specified therein. Such notice shall be effective upon delivery thereof if delivered in person, five (5) days after mailing if air-mailed or upon electronic confirmation of receipt if sent by

facsimile transmission. Either party may change its address for notices in the manner set forth above.

Section 7.1.14. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and either party hereto may execute this Agreement by signing one or more counterparts.

Section 7.1.15. Governing Law. The validity, terms, performance and enforcement of this Agreement shall be governed by those laws of the State of Delaware and the United States of America that are applicable to agreements negotiated, executed, delivered and performed solely in the State of Delaware and the United States of America.

SIGNATURES:

NEOPROBE CORPORATION

By: /s/ David C. Bupp

Print Name: David C. Bupp
Print Title: President

Address for Notices:

Neoprobe Corporation
425 Metro Place North, Suite 400
Dublin, Ohio 43017-1367
Attention:
Telecopy Number: (614) 793-7522

Copies to:

Robert S. Schwartz, Esq.
Schwartz, Warren & Ramirez
41 South High Street
Suite 2300
Columbus, Ohio 43215
Telecopy Number: (614) 224-0360

XTL BIOPHARMACEUTICALS, LTD.

By: /s/ Martin Becker

Print Name: Martin Becker
Print Title: President and
Chief Executive Officer

Address for Notices:

XTL Biopharmaceuticals, Ltd.
Kiryat Weismann
P.O. Box 370
Rehovot 76100 Israel
Attention: Chief Executive Officer
Telecopy Number: 972-8-940-5017

Copies to:

Ashok J. Chandrasekhar, Adv.
Goldfarb, Levy, Eran & Co.
Eliahu House
2 lbn Gvirol Street
Tel Aviv 64077 Israel
Telecopy Number: 972-3-695-4344

EXHIBIT 10.3.34

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES LAWS. THESE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE SECURITIES LAWS OR THEY OR SUCH OFFER, SALE OR TRANSFER ARE EXEMPT FROM SUCH REGISTRATION AND THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY IN FORM AND SUBSTANCE, TO THAT EFFECT.

5% CONVERTIBLE SUBORDINATED DEBENTURE DUE FEBRUARY 13, 1998

$1,500,000	Rehovot, Israel
CSN No. 1	February 13, 1996

FOR VALUE RECEIVED, XTL BIOPHARMACEUTICALS, LTD., a public company organized under the laws of the State of Israel (the "Company"), hereby promises to pay to Neoprobe Corporation, a Delaware corporation, or its registered assigns (the "Holder"), on February 13, 1998 (the "Maturity Date"), the principal amount of One Million Five Hundred Thousand Dollars ($1,500,000), and to pay interest on the principal amount hereof, in such amounts, at such times and on such terms and conditions as are specified herein.

ARTICLE 1. Interest. The Company shall pay interest on the principal amount of this Debenture at the rate of five percent (5%) per year in annual payments commencing on the first anniversary of the original issuance hereof and on each subsequent anniversary of such date until the principal hereof is paid in full or has been converted. Interest on this Debenture shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance of this Debenture. The Company shall pay interest on this Debenture to the Holder hereof at the opening of business on the interest payment date; provided, however, that if the Company does not pay interest on the interest payment date provided for in the previous sentence, it shall pay such interest to the Holder hereof on the date such payment is made. Interest shall be computed on the basis of the actual number of years and days elapsed.

ARTICLE 2. Method of Payment. This Debenture must be surrendered to the Company in order for the Holder to receive payment of the principal amount hereof. The Company shall pay the principal of and interest on this Debenture in money of the United States that at the time of payment is legal tender for the payment of public and private debts. The Company may pay interest by a check payable in such money. The Company may draw a check for the payment of interest to the order of the Holder of this Debenture and mail it to its address as shown on the Register (as defined in Section 7.2 below). The Company may pay principal by a certified or official bank check payable in such money. All payments on this Debenture shall be applied first to the payment of accrued but previously unpaid interest on this Debenture and then to the reduction of the principal balance of this Debenture. The Company may not prepay any part of the outstanding principal balance of this Debenture without the prior written consent of the Holder.

ARTICLE 3. Conversion

SECTION 3.1. Conversion Privilege.

(a) The Holder of this Debenture may convert it into Class A Common Shares, nominal value NIS

0.20 per share, of the Company ("Common Shares") at any time until it is paid in full. The number of Common Shares issuable upon the conversion of this Debenture is determined by dividing the principal amount hereof to be converted plus all accrued interest thereon by the conversion price (see Article 4 below) in effect on the conversion date (as defined in Section 3.2 below) and rounding the result to the nearest 1/100th of a share.

(b) Less than all of the principal amount of this Debenture may be converted into Common Shares if the portion converted is $100,000 or a whole multiple of $100,000 and the provisions of this Article 3 that apply to the conversion of all of the Debenture also apply to the conversion of a portion of it. All accrued interest on the Debenture shall be added to the amount converted if less than all of the principal amount of this Debenture is converted and shall be deemed to be paid and discharged thereby.

(c) If, at the time of the conversion of any portion of this Debenture pursuant to paragraph (a) of this Section 3.1, any Class A Preferred Shares, nominal value NIS 0.20 per share, of the Company (the "Preferred Shares") are outstanding, the Holder will receive Preferred Shares upon such conversion in lieu of receiving Common Shares. The number of Preferred Shares issuable in such event shall be the number of Common Shares into which the portion of the Debenture being converted would be converted but for the operation of this paragraph (c) divided by the then applicable conversion ratio. The conversion ratio is the number of Common Shares into which each Preferred Share is then convertible.

SECTION 3.2. Conversion Procedure.

(a) Except as otherwise provided in paragraph (b) of this Section 3.2 below, to convert this Debenture into Common Shares, the Holder must (a) complete and sign the Notice of Conversion attached hereto, (b) surrender the Debenture to the Company, (c) furnish appropriate endorsements and transfer documents if so requested by the Company and (d) subject to Section 3.4, pay any transfer or similar tax if required by the Company. The date upon which all of the foregoing requirements are satisfied is the conversion date.

(b) This Debenture shall be automatically converted into Common Shares upon the earliest of (i) the Maturity Date, if and only if no Event of Default (as such term is defined in Article 6 below) and no event which, with the giving of notice or the passage of time, would be an Event of Default has occurred and is continuing on the Maturity Date, (ii) the entry by the Holder and the Company into a License Agreement or a Supply Agreement under Section 6.1 of the Research Agreement between the Holder and the Company of even date with the original issuance hereof or (iii) the successful closing of an initial public offering of Common Shares pursuant to which at least one million (1,000,000) shares or shares having a gross sale price of at least $6,000,000 are sold to persons not affiliated with the Company, the Holder or any underwriter of such offering at a price in excess of the then effective conversion price and after which Common Shares are traded on a securities exchange in the United States or Israel. The Holder may defer the automatic conversion of this Debenture on the Maturity Date until the second anniversary thereof by means of a written notice delivered to the Company before the Maturity Date. During such deferral, the Holder may voluntarily convert this Debenture into Common Shares under the provisions of paragraph (a) of this Section 3.2. above, the conversion price shall not be adjusted pursuant to the provisions of Sections 4.1 or 4.3 below by reason of any transaction that occurs after the Maturity Date, interest shall not accrue on this Debenture unless an Event of Default has occurred and is continuing but interest for periods before the Maturity Date shall be payable and upon the occurrence of an event described in clauses (ii) and (iii) of the first sentence of this paragraph (b), this Debenture shall be automatically converted into Common Shares.

(c) Within five business days after the conversion date, the Company shall deliver a certificate for the number of full Common Shares issuable upon the conversion and a check for any fraction of a share. The Holder shall be treated as a shareholder of record on and after the conversion date. If one person converts more than one Debenture at the same time, the number of full shares issuable upon the conversion shall be based on the total principal amount of Debentures converted. Upon surrender of a Debenture that is to be converted in part, the Company

shall issue to the Holder a new Debenture equal in principal amount to the unconverted portion of the Debenture surrendered.

SECTION 3.3. Fractional Shares. The Company shall not issue a fractional share of Common Shares upon the conversion of this Debenture. Instead, all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of Common Shares or other securities, properties or rights issuable upon the conversion of this Debenture.

SECTION 3.4. Taxes on Conversion. The Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of Common Shares upon the conversion of this Debenture.

SECTION 3.5. Company to Reserve Stock. The Company shall reserve out of its

authorized but unissued Common Shares or Common Shares held in treasury enough Common Shares to permit the conversion of this Debenture. All Common Shares which may be issued upon the conversion hereof shall be fully paid and nonassessable.

SECTION 3.6. Restrictions on Transfer. This Debenture and the Common Shares issuable upon the conversion hereof have not been registered under the Securities Act of 1933 and the regulations of the Securities and Exchange Commission promulgated thereunder or state securities or blue sky laws or similar laws of the State of Israel (the "Securities Laws") and this Debenture and the Common Shares issuable upon the conversion of this Debenture may not be offered for sale, sold or otherwise transferred unless such offer, sale or other transfer is registered under the Act or such securities or such transfer is exempt from such registration and the Company has received an opinion of counsel, reasonably satisfactory to the Company in form and substance, stating that such securities or such offer, sale or transfer is exempt from registration under the Act.

ARTICLE 4. Conversion Price; Adjustments. The conversion price shall be Eight and 79/100 Dollars ($8.79) on the date of the first issue of any of the Debentures. Thereafter the conversion price will be adjusted from time to time as follows:

SECTION 4.1. Computation of Adjusted Conversion Price. If the Company, at any time after the date hereof and while this Debenture is outstanding, issues or sells any Common Shares, including shares held in the Company's treasury and Common Shares issued upon the exercise of any options, rights or warrants to subscribe for Common Shares and Common Shares issued upon the direct or indirect conversion or exchange of securities for Common Shares, for a consideration per share that is less than either the conversion price (as hereinafter defined) or the Market Price (as hereinafter defined) in effect immediately before the issuance or sale of such shares, or without consideration, then upon such issuance or sale, the conversion price shall (until another such issuance or sale) be reduced to the price (calculated to the nearest full cent) equal to the quotient of

(a) an amount equal to the sum of

(i) the number of Common Shares outstanding immediately before such issuance or sale multiplied by the lesser of (A) the conversion price in effect immediately before such issuance or sale or (B) the Market Price in effect on the date immediately before such issuance or sale, plus

(ii) the aggregate of the amount of all consideration, if any, received by the Company upon such issuance or sale,

divided by (b) the number of Common Shares outstanding immediately after such issuance or sale;

provided, however, that the conversion price will not be adjusted pursuant to this computation to be an amount in excess of the conversion price in effect immediately before such issuance or sale. This Section 4.1 does not apply to a split or combination of Common Shares or a dividend thereon payable in Common Shares for which an adjustment is made under Section 4.4 below.

SECTION 4.2. General Rules for Computation of Adjustments. For the purposes of any computation to be made in accordance with Section 4.1 or 4.3, the following provisions shall be applicable:

(a) Commissions and Discounts. The aggregate of the amount of all consideration, if any, received by the Company upon any issuance or sale of Common Shares shall be deemed to include the amount paid for such shares before deducting any commissions or other compensation paid or discount allowed in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services, or any expenses incurred in connection therewith.

(b) Other Than Cash Consideration. If Common Shares are issued or sold for a consideration part or all of which shall be other than cash, the amount of the consideration therefor other than cash shall be deemed to be the value of such consideration as determined in good faith by the Board of Directors of the Company.

(c) Reclassification. The reclassification of securities of the Company other than Common Shares into other securities of the Company shall be deemed to involve the issuance of such Common Shares for a consideration other than cash immediately before the close of business on the date fixed for the determination of security holders entitled to receive such shares, and the value of the consideration allocable to such Common Shares shall be determined as provided in paragraph (b) of this Section 4.2.

(d) Outstanding Shares. The number of Common Shares outstanding at any one time shall be deemed to include the aggregate number of shares issuable (subject to readjustment upon the actual issuance thereof) upon the exercise of any and all outstanding options, rights, warrants to purchase Common Shares and upon the conversion or exchange of any and all outstanding securities convertible or exchangeable into Common Shares.

(e) Market Price. As used herein, the term "Market Price" at any date shall be deemed to be (i) the last reported sale price for the current or most recent trading days as officially reported by the securities exchange or market on which the Common Shares are principally traded, (ii) if the Common Shares are not principally traded on a securities exchange or market, the closing bid quotation on such day as furnished by an inter-dealer quotation system or (iii) if the Common Shares are not so quoted, as determined in good faith by a resolution of the Board of Directors of the Company, based on the best information available to it.

(f) Common Shares. As used herein, the term "Common Shares" means (i) the class of stock designated as Class A Common Shares in the Articles of Association of the Company as of the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Shares consisting solely of changes in nominal value, or from nominal value to no nominal value, or from no nominal value to nominal value. If the Company issues securities with greater or superior voting rights than the Common Shares outstanding as of the date hereof, the Holder, at its option, may receive upon conversion of this Debenture either Common Shares or a like number of such securities with greater or superior voting rights.

SECTION 4.3. Options, Rights, Warrants and Convertible and Exchangeable Securities. If the Company at any time after the date hereof and while this Debenture is outstanding, issues options, rights or warrants to subscribe for Common Shares, or issues any securities convertible into or exchangeable for Common Shares, for a consideration per share less than either the conversion price or the Market Price in effect immediately before the issuance of such options, rights or warrants, or such convertible or exchangeable securities, or without consideration, the conversion price in effect immediately before the issuance of such options, rights or warrants, or such convertible or exchangeable securities, as the case may be, shall be reduced to a price determined by making a computation in accordance with the provisions of Section 4.1 hereof, provided that:

(a) The aggregate maximum number of Common Shares, as the case may be, issuable under such options, rights or warrants shall be deemed to be issued and outstanding at the time such options, rights or warrants were issued, and shall be deemed to be issued for a consideration equal to the minimum purchase price per share provided for in such options, rights or warrants at the time of issuance, plus the consideration, if any, received by the Company for the issuance of such options, rights or warrants.

(b) The aggregate maximum number of Common Shares issuable upon conversion or exchange of any convertible or exchangeable securities shall be deemed to be issued and outstanding at the time of issuance of such securities, and for a consideration equal to the consideration received by the Company for the issuance of such securities, plus the minimum consideration, if any, receivable by the Company upon the conversion or exchange thereof.

(c) If any change shall occur in the conversion price provided for in any of the options, rights or warrants referred to in clause (a) of this Section 4.3, or in the price per share at which the securities referred to in clause (b) of this Section 4.3 are convertible or exchangeable, such options, rights or warrants or conversion or exchange rights, as the case may be, shall be deemed to have expired or terminated on the date when such price change became

effective in respect of shares not theretofore issued pursuant to the exercise or conversion or exchange thereof, and the Company shall be deemed to have issued upon such date new options, rights or warrants or convertible or exchangeable securities at the new price in respect of the number of shares issuable upon the exercise of such options, rights or warrants or the conversion or exchange of such convertible or exchangeable securities.

(d) Except as provided in clause (c) of this Section 4.3, no further adjustment of the conversion price shall be made upon the actual issuance of the Common Shares upon the exercise of such options, rights or warrants, or the conversion or exchange of such convertible or exchangeable securities.

SECTION 4.4. Split, Subdivision or Combination of Shares. If, at any time while this Debenture remains outstanding, the Common Shares are split or if a dividend of Common Shares is paid on the Common Shares, the conversion price hereof shall be decreased automatically by the ratio between the number of Common Shares outstanding immediately before such event and the number of Common Shares outstanding immediately after such event (assuming that there is no elimination of fractional shares as a result of such split or dividend). If the Common Shares are combined into a lesser number of Common Shares, the conversion price hereof shall be increased automatically by the ratio between the number of Common Shares outstanding immediately before such event and the number of Common Shares outstanding immediately after such event (assuming that there is no elimination of fractional shares as a result of such combination).

SECTION 4.5. Merger, Sale of Assets, etc. If, at any time while this Debenture or any portion thereof is outstanding, there shall be (a) a reorganization (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein) of the Company, (b) a merger or consolidation of the Company with or into another corporation in which the Company is not the surviving entity, or a reverse triangular merger in which the Company is the surviving entity but the shares of the Company's capital stock outstanding immediately prior to the merger are converted by virtue of the merger into other property, whether in the form of securities, cash, or otherwise, or (c) a sale or transfer of the Company's properties and assets as, or substantially as, an entirety to any other person, then, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that the holder of this Debenture shall thereafter be entitled to receive upon conversion of this Debenture, during the period specified herein and upon payment of the conversion price then in effect, the number of shares of stock or other securities or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that a holder of the shares deliverable upon conversion of this Debenture would have been entitled to receive in such reorganization, consolidation, merger, sale or transfer if this Debenture had been converted immediately before such reorganization, merger, consolidation, sale or transfer, all subject to further adjustment as provided in this Article 4. The foregoing provisions of this Section 4.5 shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock or securities of any other corporation that are at the time receivable upon the exercise of this Debenture. If the per share consideration payable to the Holder hereof for shares in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors, which determination shall be conclusive in the ab-

sence of manifest error. In all events, appropriate adjustment (as determined in good faith by the Company's Board of Directors, which determination shall be conclusive in the absence of manifest error) shall be made in the application of the provisions of this Debenture with respect to the rights and interests of the Holder after the transaction, to the end that the provisions of this Debenture shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Debenture.

SECTION 4.6. Reclassification, etc. If the Company, at any time while this Debenture remains outstanding and unexpired, by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Debenture exist into the same or a different number of securities of any other class or classes, this Debenture shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the

result of such change with respect to the Debenture immediately prior to such reclassification or other change and the conversion price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Article 4.

SECTION 4.7. Dividends of Other Securities or Property. If, while this Debenture or any portion hereof remains outstanding and unexpired, the holders of the securities as to which conversion rights under this Debenture exist at the time shall have received, or, on or after the record date fixed for the determination of eligible shareholders, shall have become entitled to receive, without payment therefor, other or additional stock or other securities or property (other than cash) of the Company by way of dividend, then, and in each case, this Debenture shall represent the right to acquire, in addition to the number of shares of the security receivable upon conversion of this Debenture, and without payment of any additional consideration therefor, the amount of such other or additional stock or other security or property (other than cash) of the Company that such holder would hold on the date of such conversion had it been the holder of record of the security receivable upon conversion of this Debenture on the date hereof and had thereafter, during the period from the date hereof to and including the date of such conversion, retained such shares and all other additional stock available to it as aforesaid during such period, giving effect to all adjustments called for during such period by the provisions of this Article 4.

SECTION 4.8. Certificate as to Adjustments. Upon the occurrence of each adjustment pursuant to this Article 4, the Company at its expense shall promptly compute such adjustment in accordance with the terms hereof and furnish to the Holder a certificate setting forth such adjustment and showing in detail the facts upon which such adjustment is based, and the conversion price before and after the adjustment. The Company shall, at any time upon the written request of any Holder, furnish to such Holder a certificate setting forth: (a) such adjustments; (b) the conversion price then in effect; and (c) the number of shares and the amount, if any, of other property that at the time would be received upon the exercise of the Debenture.

SECTION 4.9. No Impairment. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Article 4 and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the Holder of this Debenture against impairment.

SECTION 4.10. No Adjustment of Conversion Price in Certain Cases. No adjustment of the conversion price shall be made:

(a) Upon the issuance or sale of the Common Shares issuable upon the conversion of the Debentures or the exercise of the warrant issued to the Holder on the date of the original issuance of the Debenture (the "Warrant") or any convertible securities outstanding on the Debenture Issue Date and described in writing to the Holder on or before the Debenture Issue Date; or

(b) Upon the issuance or sale of Common Shares upon the exercise of options, rights or warrants, or upon the conversion or exchange of convertible or exchangeable securities, in any case where the conversion price was adjusted at the time of issuance of such options, rights or warrants, or

convertible or exchangeable securities, as contemplated by Section 4.3 hereof; or

(c) If the amount of said adjustment shall be less than one cent ($.01) per Common Share, provided, however, that in such case, any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least one cent ($.01) per Common Share; or

(d) Upon the issuance of options to directors, employees or consultants of the Company or the exercise of such options if such options were issued under a plan which was approved by the shareholders of the Company and the Holder or which was existing on the date this Debenture was originally issued, the plan is administered by a committee of independent directors, the number of Common Shares issuable under the plan and all other similar plans is limited to twenty

per cent (20%) of the number of outstanding Common Shares at the time the plan is approved by the shareholders, the term of the option does not exceed ten (10) years from the date of grant and the exercise price of the option is not less than the Market Price of the Common Shares on the date of grant.

ARTICLE 5. Subordination

SECTION 5.1. Agreement to Subordinate. The Company agrees, and the Holder by accepting this Debenture agrees, that the indebtedness evidenced by this Debenture is subordinate in right of payment, to the extent and in the manner provided in this Article 5, to the prior payment in full of all Senior Debt (as hereinafter defined), and that such subordination is for the benefit of the holders of Senior Debt.

SECTION 5.2. Certain Definitions. As used in this Article 5, "Debt" means any indebtedness for money borrowed from banks. "Senior Debt" means Debt of the Company outstanding at any time except Debt which by its terms is not senior in right of payment to the Debentures. A "distribution" may consist of cash, securities or other property.

SECTION 5.3. Liquidations; Dissolutions; Bankruptcy. Upon any distribution to creditors of the Company in a liquidation or dissolution of the Company or any bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property (a) holders of Senior Debt shall be entitled to receive payment in full in cash of the principal of and interest (including interest accruing after the commencement of any such proceeding) to the date of payment on the Senior Debt before the Holder hereof shall be entitled to receive any payment of principal of or interest on this Debenture and (b) until the Senior Debt is paid in full in cash, any distribution to which the Holder hereof would be entitled but for this Article 5 shall be made to holders of Senior Debt as their interests may appear, except that the Holder hereof may receive securities that are subordinated to Senior Debt to at least the same extent as this Debenture.

SECTION 5.4. Default on Senior Debt. The Company may not pay principal of or interest on this Debenture and may not acquire this Debenture for cash or property other than capital stock of the Company if (a) a default on Senior Debt occurs and is continuing that permits the holders of such Senior Debt to accelerate its maturity and (b) the default is the subject of judicial proceedings or the Company receives a notice of the default from a person who may validly give such notice. If the Company receives any such notice, a similar notice received within nine months thereafter relating to the same default and the same issue of Senior Debt shall not be effective for purposes of this Section. The Company may resume payments on the Debenture and may acquire it when (i) the default is cured or waived or (ii) 10 days pass after the notice is given if the default is not the subject of judicial proceedings, if this Article 5 otherwise permits the payment or acquisition at that time.

SECTION 5.5. Acceleration. If payment of this Debenture is accelerated because of an Event of Default (as such term is defined in Article 6 below), the Company shall promptly notify holders of Senior Debt of such acceleration. The Company may pay this Debenture when 10 days have passed after the acceleration occurs if this Article 5 permits the payment at that time.

SECTION 5.6. Payments of Distributions to Senior Debt. If a distribution is made to the Holder of this Debenture that, because of this Article 5, should not have been made, such Holder shall hold it in trust for the holders of Senior Debt and shall pay it over to them as their interests may appear.

SECTION 5.7. Notice by Company. The Company shall promptly notify the Holder hereof of any facts known to the Company that would cause a payment of principal of or interest on this Debenture to violate this Article 5.

SECTION 5.8. Subrogation. After all Senior Debt is paid in full and until this Debenture is paid in full, the Holder hereof shall be subrogated to the rights of the holders of Senior Debt to receive distributions applicable to Senior Debt to the extent that distributions otherwise payable to the Holder of this Debenture have been applied to the payment of Senior Debt. A distribution made under this Article 5 to holders of Senior Debt which otherwise would have been made to the holders of the Debentures is not as between the Company and the holders of the Debentures a payment by the Company on Senior Debt.

SECTION 5.9. Relative Rights. This Article 5 defines the relative rights of the Holder of this Debenture and the holders of Senior Debt. Nothing in this Debenture shall (a) impair, as between the Company and the Holder hereof, the obligation of the Company, which is absolute and unconditional, to pay principal of and interest on this Debenture in accordance with its terms, (b) affect the relative rights of the Holder of this Debenture and the creditors of the Company other than the holders of Senior Debt or (c) prevent the Holder of this Debenture from exercising its available remedies upon an Event of Default, subject to the rights of the holders of Senior Debt to receive distributions otherwise payable to the Holder of this Debenture. If the Company fails because of this Article 5 to pay principal of or interest on this Debenture on the due date, the failure will still be an Event of Default after the lapse of any applicable grace period.

SECTION 5.10. Subordination May Not Be Impaired By Company. No right of any holder of Senior Debt to enforce the subordination of indebtedness evidenced by this Debenture shall be impaired by any act or failure to act by the Company or by its failure to comply with this Article 5.

SECTION 5.11. Distribution or Notice to Trustee. Whenever a distribution is made or a notice is given to holders of Senior Debt, the distribution may be made and the notice given to an indenture trustee or other trustee, agent or representative of such holders.

ARTICLE 6. Defaults and Remedies; Redemption

SECTION 6.1. Events of Default. An "Event of Default" occurs if (a) the Company does not make the payment of the principal of this Debenture when the same becomes due and payable at maturity, upon redemption or otherwise, (b) the Company does not make a payment of interest on this Debenture when the same becomes due and payable and fails to make such payment for a period of ten (10) business days thereafter, (c) the Company fails to comply with any of its other material agreements in this Debenture or in the Investor's Rights Agreement between the Company and the Holder of even date with the original issuance hereof and such failure continues for the period and after the notice specified below, (d) the Company pursuant to or within the meaning of any Bankruptcy Law (as hereinafter defined): (i) commences a voluntary case; (ii) consents to the entry of an order for relief against it in an involuntary case; (iii) consents to the appointment of a Custodian (as hereinafter defined) of it or for all or substantially all of its property or (iv) makes a general assignment for the benefit of its creditors or (v) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (A) is for relief against the Company in an involuntary case; (B) appoints a Custodian of the Company or for all or substantially all of its property or (C) orders the liquidation of the Company, and the order or decree remains unstayed and in effect for 60 days. As used in this Section 6.1, the term "Bankruptcy Law" means Title 11 of the United States Code or any similar law of the United States, the State of Israel or any state of the United States for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law. A default under clause (c) above is not an Event of Default until the holders of at least 25% of the aggregate principal amount of the Debentures notify the Company of such default and the

Company does not cure it within sixty (60) days after the receipt of such notice.

SECTION 6.2. Acceleration. If an Event of Default occurs and is continuing, the Holder hereof by notice to the Company, may declare the principal of and accrued interest on this Debenture to be due and payable. Upon such declaration, the principal and interest hereof shall be due and payable immediately.

SECTION 6.3. Redemption. If the Company or any of its subsidiaries (a) sells or otherwise disposes of, whether by means of a direct sale of assets, a merger or consolidation or otherwise, all or substantially all of their consolidated assets, whether in a single transaction or as a result of a series of related or unrelated transactions, (b) acquires another corporation or person (other than one which does not have material assets or liabilities at the time of acquisition), whether by means of an acquisition of the assets or a controlling interest in the voting securities of such corporation or person, a merger or consolidation with such corporation or person or otherwise, (i) which

is not engaged in a business that is reasonably related to the Company's business, or (ii) whether or not engaged in a business that is related to the Company's business, for a consideration (including any liabilities assumed) that exceeds Five Million Dollars ($5,000,000) or (c) merges or consolidates with any person (other than a merger or consolidation in which the Company is the surviving corporation, its articles of association are the articles of association of the surviving corporation without amendment, the bylaws of the Company immediately before the merger continue to be the bylaws of the surviving corporation without amendment, the officers and directors of the Company immediately before the merger continue to be the officers and directors of the surviving corporation without change in their titles or authorities, and the holders of the Common Shares immediately before the merger continue to hold such shares in the surviving corporation and their shares have eighty percent (80%) of the voting power for all purposes of the surviving corporation); then the Company will, upon the request of the Holder and the tender of this Debenture to the Company by the Holder together with the tender of the unexercised portion of the Warrant to the Company, redeem this Debenture by payment to the Holder of the redemption price, which shall be the principal amount hereof together with all accrued interest hereon as of the date on which this Debenture is tendered to the Company for redemption, in money of the United States that at the time of payment is legal tender for the payment of public and private debts. The Company may pay the redemption price by a certified or official bank check payable in such money. Upon the payment of the redemption price, the Warrant shall be canceled and the Company shall have no further liability or obligations thereunder.

ARTICLE 7. Registered Debentures

SECTION 7.1. Series. This Debenture is one of a numbered series of Debentures having an aggregate principal amount of not more than $1,500,000 which are identical except as to the principal amount and date of issuance thereof and as to any restriction on the transfer thereof in order to comply with the Securities Act of 1933 and the regulations of the Securities and Exchange Commission promulgated thereunder. Such Debentures are referred to herein collectively as the "Debentures." The Debentures shall be issued in denominations of $100,000 and whole multiples of $100,000.

SECTION 7.2. Record Ownership. The Company shall maintain a register of the holders of the Debentures (the "Register") showing their names and addresses and the serial numbers and principal amounts of Debentures issued to or transferred of record by them from time to time. The Register may be maintained in electronic, magnetic or other computerized form. The Company may treat the person named as the Holder of this Debenture in the Register as the sole owner of this Debenture. The Holder of this Debenture is the person exclusively entitled to receive payments of interest on this Debenture, receive notifications with respect to this Debenture, convert it into Common Shares and otherwise exercise all of the rights and powers as the absolute owner hereof.

SECTION 7.3. Registration of Transfer. Transfers of this Debenture may be registered on the books of the Company maintained for such purpose pursuant to Section 7.2 above (i.e., the Register). Transfers shall be registered when this Debenture is presented to the Company with a request to register the trans-

fer hereof and the Debenture is duly endorsed by the appropriate person, reasonable assurances are given that the endorsements are genuine and effective, and the Company has received evidence satisfactory to it that such transfer is rightful and in compliance with all applicable laws, including tax laws and state and federal securities laws. When this Debenture is presented for transfer and duly transferred hereunder, it shall be canceled and a new Debenture showing the name of the transferee as the recordholder thereof shall be issued in lieu hereof. When this Debenture is presented to the Company with a reasonable request to exchange it for an equal principal amount of Debentures of other denominations, the Company shall make such exchange and shall cancel this Debenture and issue in lieu thereof Debentures having a total principal amount equal to this Debenture in the denominations requested by the Holder. The Company may charge a reasonable fee for any registration of transfer or exchange other than one occasioned by a notice of redemption or the conversion hereof.

SECTION 7.4. Worn and Lost Debentures. If this Debenture becomes worn, defaced or mutilated but is still substantially intact and recognizable, the Company or its agent may issue a new Debenture in lieu hereof upon its

surrender. Where the Holder of this Debenture claims that the Debenture has been lost, destroyed or wrongfully taken, the Company shall issue a new Debenture in place of the original Debenture if the Holder so requests by written notice to the Company actually received by the Company before it is notified that the Debenture has been acquired by a bona fide purchaser and the Holder has delivered to the Company an indemnity bond in such amount and issued by such surety as the Company deems satisfactory together with an affidavit of the Holder setting forth the facts concerning such loss, destruction or wrongful taking and such other information in such form with such proof or verification as the Company may request.

ARTICLE 8. Notices

Any notice which is required or convenient under the terms of this Debenture shall be duly given if it is in writing and delivered in person, mailed by air-mail, postage prepaid or sent by facsimile transmission and directed to the Holder of the Debenture at its address as it appears on the Register or if to the Company to its principal executive offices. Such notice shall be effective upon delivery thereof if delivered in person, five (5) days after mailing if air-mailed or upon electronic confirmation of receipt if sent by facsimile transmission.

ARTICLE 9. Time

Where this Debenture authorizes or requires the payment of money or the performance of a condition or obligation on a Saturday or Sunday or a public holiday, or authorizes or requires the payment of money or the performance of a condition or obligation within, before or after a period of time computed from a certain day, and such period of time ends on a Saturday or a Sunday or a public holiday, such payment may be made or condition or obligation performed on the next succeeding business day, and if the period ends at a specified hour, such payment may be made or condition performed, at or before the same hour of such next succeeding business day, with the same force and effect as if made or performed in accordance with the terms of this Debenture. Where time is extended by virtue of the provisions of this Article 9, such extended time shall not be included in the computation of interest.

ARTICLE 10. Waivers

The holders of a majority in principal amount of the Debentures may waive a default or rescind the declaration of an Event of Default and its consequences except for a default in the payment of principal of or interest on any Debenture.

ARTICLE 11. Rules of Construction

In this Debenture, unless the context otherwise requires, words in the singular number include the plural, and in the plural include the singular, and words of the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender may refer to any gender. The numbers and titles of sections contained in this Debenture are inserted for convenience of reference only, and they neither form a part of this Debenture nor are they to be used in the construction or interpretation hereof. Wherever, in this Debenture, a determination of the Company is required or allowed,

such determination shall be made by a majority of the Board of Directors of the Company and if it is made in good faith, it shall be conclusive and binding upon the Company and the Holder.

ARTICLE 12. Governing Law

The validity, terms, performance and enforcement of this Debenture shall be governed and construed by the provisions hereof and in accordance with the laws of the State of Delaware applicable to agreements that are negotiated, executed, delivered and performed solely in the State of Delaware.

IN WITNESS WHEREOF, the Company has duly executed this Debenture as of the date first written above.

XTL BIOPHARMACEUTICALS, LTD.

By:

Name: Martin Becker
Title: President and Chief Executive Officer

Customary abbreviations may be used in the registered name of a Holder of Debentures or an assignee, such as: TEN COM (= as tenants in common), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

NOTICE OF CONVERSION

[TO BE COMPLETED AND SIGNED ONLY UPON CONVERSION OF DEBENTURE]

The undersigned, the Holder of this Debenture, hereby irrevocably elects to exercise the right to convert it into Class A Common Shares, nominal value NIS 0.20 per share, of XTL Biopharmaceuticals, Ltd. as follows:

Dollars ($)*
[Complete if less than all of principal amount is to be converted] ----------
($100,000 or integral multiples of $100,000)

*If the principal amount of the Debenture to be converted is less than the entire principal amount thereof, a new Debenture for the balance of the principal amount shall be returned to the Holder of the Debenture.

Date: ---------- Sign: ----------
(Signature must conform in all respects to name of Holder shown on face of this Debenture)

ASSIGNMENT OF DEBENTURE

The undersigned hereby sell(s) and assign(s) and transfer(s) unto
----
- ----------
- ----------
(name, address and SSN or EIN of assignee)

Dollars ($)
- ----------
(principal amount of Debenture, $100,000 or integral multiples of $100,000)

of principal amount of this Debenture together with all accrued interest hereon.

Date: ---------- Sign: ----------
(Signature must conform in all respects to name of Holder shown on face of Debenture)

Signature Guaranteed:

EXHIBIT 10.3.35

INVESTOR'S RIGHTS AGREEMENT

FEBRUARY 5, 1996

PARTIES:

NEOPROBE CORPORATION, a Delaware corporation ("Neoprobe"), having its principal place of business at 425 Metro Place North, Suite 400, Dublin, Ohio 43017-1367, telephone (614) 793-7500, facsimile (614) 793-7522, and

XTL BIOPHARMACEUTICALS, LTD., a public company organized under the laws of the State of Israel ("XTL"), having its principal place of business at Kiryat Weizmann Industrial Park, Rehovot, Israel, telephone 972-8-940-5134, facsimile 972-8-940-5017

hereby agree as follows:

PREAMBLE:

1. Neoprobe and XTL have entered into the Investment Agreement (this and certain other terms used herein are defined in Article 5) pursuant to which Neoprobe is to receive Debentures, a Warrant and a Class E Share of XTL upon the terms and conditions as described therein.

2. It is a condition precedent to the obligation of Neoprobe to consummate the purchase of the Debentures, Warrant and Class E Share under the Investment Agreement that the parties hereto execute and deliver to each other this Agreement.

TERMS:

Article 1. Registration Rights.

Section 1.1. Certain Definitions. The following words and phrases used in this Article 1 shall have the meanings given to them below in this section.

"Registrable Securities" means the XTL Common Shares that are or could be issued pursuant to the conversion of the Debentures or the exercise of the Warrant and any XTL Common Shares issued in respect thereof in any recapitalization, provided, however, that Registrable Securities shall not include (i) any XTL Common Shares which have previously been registered and sold or which have been sold to the public under Rule 144, or (ii) any XTL Common Shares which could be sold within six months without registration.

"Registration" means a registration effected by preparing and filing a registration statement in compliance with the Securities Act and the ordering of the effectiveness of such registration statement.

"Registration Expenses" means all expenses incurred in effecting any registration pursuant to this Agreement, including all registration, qualification, filing fees, printing expenses, escrow fees, fees and disbursements of counsel for XTL, blue sky fees and expenses, and expenses of any regular or special audits incident to or required by any such registration, but shall not include Selling Expenses and fees and disbursements of counsel for Neoprobe (but excluding the compensation of regular employees of XTL, which shall be paid in any event by XTL).

"Selling Expenses" means all underwriting discounts and selling commissions applicable to the sale of Registrable Securities and all fees and disbursements of counsel for Neoprobe (other than the fees and disbursements of counsel included in Registration Expenses).

Section 1.2. Demand Registration.

(a) If Neoprobe makes at any time a written request to XTL

that it register all or a part of the Registrable Securities, XTL shall (subject to limitations set forth in this Section 1.2), as soon as practicable, use its best efforts to effect such registration (including filing post-effective amendments, appropriate qualifications under applicable blue sky or other state securities laws, and appropriate compliance with the Securities Act) as would permit or facilitate the sale and distribution of such portion of such Registrable Securities as is specified in such request. XTL shall not be obligated to effect, or to take any action to effect, any such registration pursuant to this Section 1.2:

(i) In any particular jurisdiction in which XTL would be required to execute a general consent to service of process in effecting such registration, qualification, or compliance, unless XTL is already subject to service in such jurisdiction and except as may be required by the Securities Act; or

(ii) After XTL has initiated one such registration pursuant to this Section 1.2(a) (counting for these purposes only a registration which has been declared or ordered effective and pursuant to which securities have been sold and any registration which has been withdrawn by Neoprobe as to which Neoprobe has not elected to bear the Registration Expenses pursuant to Section 1.4 hereof and would, absent such election, have been required to bear such expenses); or

(iii) Prior to the closing of the initial registered public offering of XTL Common Shares.

(b) Subject to the foregoing clauses (i), (ii) and (iii) of paragraph (a) above, XTL shall use its best efforts to file a registration statement covering the Registrable Securities so requested to be registered as soon as practicable after receipt of the request of Neoprobe; provided, however, that if:

(i) In the good faith judgment of the board of directors of XTL, such registration would be seriously detrimental to XTL and the board of directors of XTL concludes as a result, that it is essential to defer the filing of such registration statement at such time, and XTL has delivered a copy (certified by the Secretary of XTL) of a resolution of the board of directors to such effect to Neoprobe, XTL shall have the right to defer such filing for the period during which such disclosure would be seriously detrimental but not for more than one hundred eighty (180) days after receipt of the request of Neoprobe under Section 1.2(a) above, and, provided further, that XTL shall not defer its obligation in this manner more than once in any twelve (12) month period; and

(ii) In the good faith judgment of XTL's independent public accountants, such registration statement would be required to include financial statements that are audited and such financial statements were not at the time of their preparation required to be audited by Section 4.2 below, by any contract between XTL and any bank or other financial institution or by any form of registration statement or report XTL is required to file under the Exchange Act and XTL has delivered a letter to Neoprobe to such effect from such accountants, XTL may defer such filing until such time as it has prepared and such accountants have audited financial statements required by this Agreement or such contracts or forms.

(c) If XTL shall request inclusion in any registration pursuant to this Section 1.2 of securities being sold for its own account, or if other persons having contractual registration rights shall request inclusion in any registration pursuant to this Section 1.2, Neoprobe shall offer to include such securities in the underwriting and may condition such offer on their acceptance of the further applicable provisions of this Article 1. XTL shall (together with Neoprobe and other persons proposing to distribute their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriters selected for such underwriting by Neoprobe, which underwriters must be reasonably acceptable to XTL. Notwithstanding any other provision of this Section 1.2, if the representative of the underwriters advises Neoprobe in writing that marketing factors require a limitation on the number of shares to be underwritten, the number of shares to be included in the underwriting or registration shall

be allocated as set forth in Section 1.12 hereof. If a person who has requested inclusion in such registration as provided above does not agree to the terms of any such underwriting, such person shall be excluded therefrom by written notice from XTL, the underwriter or Neoprobe. Any Registrable Securities or other securities so excluded shall also be withdrawn from such registration. If shares are so withdrawn from the registration and if the number of shares to be included in such registration was previously reduced as a result of marketing factors pursuant to this Section 1.2(c), then XTL shall offer (subject to the availability of a reasonable amount of time to make such offer before the commencement of a distribution) to all holders who have retained rights to include securities in the registration the right to include additional securities in the registration in an aggregate amount equal to the number of shares so withdrawn, with such shares to be allocated among such holders requesting additional inclusion in accordance with Section 1.12.

Section 1.3. Piggy-Back Registration.

(a) If XTL determines to register any of its securities either for its own account or the account of security holders exercising their respective contractual registration rights (other than pursuant to Section 1.2 above), other than a registration relating solely to employee benefit plans, a Rule 145 transaction or an exchange offer, or a registration on any registration form that does not permit secondary sales, XTL shall promptly give written notice thereof to Neoprobe, and use its best efforts to include in such registration (and any related qualification under blue sky laws or other compliance), except as set forth in Section 1.3(b) below, and in any underwriting involved therein, all the Registrable Securities specified in a written request made by Neoprobe within twenty (20) days after the written notice from XTL is given. Such written request may specify all or a part of Neoprobe's Registrable Securities. XTL shall not be obligated to effect, or to take any action to effect, any such registration pursuant to this Section 1.3 after XTL has initiated two such registrations pursuant to this Section 1.3(a) (counting for these purposes only registrations which have been declared or ordered effective and pursuant to which securities have been sold and registrations which have been withdrawn by Neoprobe as to which Neoprobe has not elected to bear the Registration Expenses pursuant to Section 1.4 hereof and would, absent such election, have been required to bear such expenses).

(b) If the registration of which XTL gives notice is for a registered public offering involving an underwriting, XTL shall so advise Neoprobe as a part of the written notice given pursuant to Section 1.3(a) above. In such event, the right of Neoprobe to participate in such registration pursuant to this Section 1.3 shall be conditioned upon Neoprobe's participation in such underwriting and the inclusion of Neoprobe's Registrable Securities in the underwriting to the extent provided herein. Neoprobe shall (together with XTL and the other holders of securities of XTL with contractual registration rights to participate therein distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriters selected by XTL.

(c) Notwithstanding any other provision of this Section 1.3, if the representative of the underwriters advises XTL in writing that marketing factors require a limitation on the number of shares to be underwritten, the representative may (subject to the limitations set forth below) exclude all Registrable Securities from, or limit the number of Registrable Securities to be included in, the registration and underwriting. XTL shall so advise all holders of securities requesting registration, and the number of shares of securities that are entitled to be included in the registration and underwriting shall be allocated first to XTL for securities being sold for its own account and thereafter as set forth in Section 1.12. If any person does not agree to the terms of any such underwriting, he shall be excluded therefrom by written notice from XTL or the underwriter. If shares are so withdrawn from the registration and if the number of shares of Registrable Securities to be included in such registration was previously reduced as a result of marketing factors, XTL shall then offer (subject to the availability of a reasonable amount of time to make such offer before the commencement of a distribution) to all persons who have retained the right to include securities in the registration the right to include additional securities in the registration in an aggregate amount equal to the number of shares so withdrawn, with such shares to be allocated among the persons requesting additional inclusion in accordance with Section 1.12 hereof.

Section 1.4. Expenses of Registration. All Registration

Expenses incurred in connection with any registration, qualification or compliance pursuant to Section 1.2 hereof or Section 1.3 hereof shall be borne by XTL; provided, however, that if Neo-

probe bears the Registration Expenses for any registration proceeding begun pursuant to Section 1.2 or Section 1.3 and subsequently withdrawn by Neoprobe, such registration proceeding shall not be counted as a requested registration pursuant to Section 1.2 or Section 1.3 hereof; further provided, however, that if such withdrawal is based upon material adverse information relating to XTL that is different from the information known to Neoprobe at the time of its request for registration under Section 1.2 or Section 1.3, such registration shall not be counted as a registration for purposes of Section 1.2 or Section 1.3 hereof, even though Neoprobe does not bear the Registration Expenses for such registration. All Selling Expenses relating to securities so registered shall be borne by the holders of such securities pro rata on the basis of the number of shares of securities so registered on their behalf.

Section 1.5. Registration Procedures. In the case of any registration by XTL pursuant to this Article 1 in which Neoprobe participates, XTL shall keep Neoprobe advised in writing as to the initiation of each such registration and the completion thereof. At its expense, XTL shall use its best efforts to:

(a) Keep such registration effective for a period of one hundred twenty (120) days or until Neoprobe has completed the distribution described in the registration statement relating thereto, whichever first occurs; provided, however, that (i) such one hundred twenty (120)-day period shall be extended for a period of time equal to the period Neoprobe refrains from selling any securities included in such registration at the request of an underwriter of XTL Common Shares (or other securities) of XTL; and (ii) in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, such one hundred twenty (120)-day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities by such registration statement;

(c) Furnish such number of prospectuses and other documents incident thereto, including any amendment of or supplement to the prospectus, as Neoprobe from time to time may reasonably request;

(d) Notify each seller of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing, and at the request of any such seller, prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing;

(e) Cause all such Registrable Securities registered pursuant thereunder to be listed on each securities exchange on which securities issued by XTL and of the same class are then listed;

(f) Provide a transfer agent and registrar for all Registrable Securities registered pursuant to such registration statement and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(g) Comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12)

months, but not more than eighteen (18) months, beginning with the first month after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act; and

(h) In connection with any underwritten offering pursuant to a registration statement filed pursuant to Section 2.2 hereof, enter into an underwriting agreement in customary form in order to effect the offer and sale of XTL Common Shares.

Section 1.6. Indemnification.

(a) XTL shall indemnify Neoprobe, each of the officers, directors and partners, legal counsel, and accountants of Neoprobe and each person controlling Neoprobe within the meaning of Section 15 of the Securities Act, and each underwriter, if any, and each person who controls, within the meaning of Section 15 of the Securities Act, any underwriter, against all expenses, claims, losses, damages, and liabilities (or actions, proceedings, or settlements in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular, or other document (including any related registration statement, notification, or the like) incident to any registration, qualification, or compliance effected pursuant to this Article 1, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by XTL of the provisions of the Securities Act that are applicable to XTL and relating to any action or inaction required of XTL in connection with any such registration, qualification, or compliance, and will reimburse Neoprobe, each of its officers, directors, partners, legal counsel, and accountants and each person controlling Neoprobe, each such underwriter, and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, loss, damage, liability, or action, provided that XTL will not be liable in any such case to the extent that any such claim, loss, damage, liability, or expense arises out of or is based on any untrue statement or omission made in reliance upon and in conformity with written information furnished to XTL by Neoprobe or underwriter and stated to be specifically for use therein. The indemnity agreement contained in this Section 1.6(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of XTL (which consent has not been unreasonably withheld).

(b) Neoprobe shall, if Registrable Securities held by it are included in the securities as to which such registration, qualification, or compliance is being effected, indemnify XTL, each of the directors, officers, partners, legal counsel, and accountants of XTL, and each underwriter, if any, of XTL's securities covered by such a registration statement, and each person who controls XTL or such underwriter within the meaning of Section 15 of the Securities Act, against all expenses, claims, losses, damages and liabilities (or actions, proceedings, or settlements in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular, or other document (including any related registration statement, notification, or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by Neoprobe of the provisions of the Securities Act that are applicable to Neoprobe and relating to any action or inaction required of Neoprobe in connection with any such registration, qualification, or compliance, and will reimburse XTL, each of its officers, directors, partners, legal counsel, and accountants, and each person controlling XTL, each such underwriter, and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, loss, damage, liability, or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in reliance upon and in conformity with written information furnished to XTL by Neoprobe and stated to be specifically for use therein, provided, however, that the obligations of Neoprobe hereunder shall not apply to amounts paid in settlement of any such claims, losses, damages, or liabilities (or actions in respect thereof) if such settlement is effected without the consent of Neoprobe (which consent shall not be unreasonably withheld).

(c) Each party entitled to indemnification under this Section 1.6 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld), and the Indemnified Party may participate in such defense at such party's expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Article 1, to the extent such failure is not prejudicial. No Indemnifying

Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) If the indemnification provided for in this Section 1.6 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage, or expense referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

Section 1.7. Information by Neoprobe. If Registrable Securities are being registered pursuant to Section 1.2 or 1.3 above, Neoprobe shall furnish to XTL such information regarding Neoprobe and the distribution proposed by it as XTL may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification, or compliance referred to in this Article 1.

Section 1.8. Limitations on Registration of Issues of Securities. From and after the date of this Agreement, XTL shall not, without the prior written consent of Neoprobe, enter into any agreement with any holder or prospective holder of any securities of XTL giving such holder or prospective holder any registration rights, the terms of which are more favorable than the registration rights granted to Neoprobe hereunder.

Section 1.9. Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of Registrable Securities to the public without registration, XTL shall use its best efforts to:

(a) Make and keep public information regarding XTL available as provided in paragraph (c) of Rule 144, at all times from and after ninety (90) days following the effective date of the first registration filed by XTL

for an offering of its securities to the general public;

(b) File with the Commission in a timely manner all reports and other documents required of XTL under the Securities Act and the Exchange Act at any time after it has become subject to such reporting requirements;

(c) So long as Neoprobe owns any Debentures, Warrants, or Registrable Securities, furnish to Neoprobe forthwith upon written request a written statement by XTL as to its compliance with the provisions of paragraph (c) of Rule 144 (at any time from and after ninety (90) days following the effective date of the first registration filed by XTL for an offering of its securities to the general public), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of XTL and such other reports and documents so filed as Neoprobe may reasonably request in order to avail itself of any rule or regulation of the Commission allowing Neoprobe to sell any such securities without registration.

Section 1.10. Transfer of Registration Rights. If Neoprobe transfers any of the Debentures, any portion of the Warrant or any Registrable Secu-

rities in a transfer that is not prohibited by Article 2 below, it may also transfer to the transferee of such securities its rights under this Article 1, subject to its obligations under and the conditions and limitations set forth in Article 1. A transfer of rights under this Article 1 may only be made in a written instrument that refers to this Agreement, states the name and address of the transferee, that Neoprobe's rights under this Article 1 are being transferred, the transferee assumes Neoprobe's obligations and is subject to the conditions and limitations set forth herein, identifies the securities transferred therewith, is signed by Neoprobe and the transferee and a copy of which is delivered to XTL. Upon the delivery of such copy to XTL, the transferee named therein shall be deemed to be Neoprobe for the purposes of this Article 1; provided, however, that if there is more than one holder of Registrable Securities the following rules shall apply:

(a) If an effective request for registration is made under Section 1.2 above, XTL shall notify each such transferee promptly after receiving the request that it has been made and shall include in such registration any Registrable Securities that such transferee requests to be included within twenty (20) days after receipt of such notice from XTL;

(b) Wherever the provisions of this Article 1 require the consent of Neoprobe such consent shall be had by the consent of the majority in interest of the holders of Registrable Securities; and

(c) The right of any transferee to registration under Section 1.2 above shall be conditioned upon such transferee's participation in such underwriting and the inclusion of such transferee's Registrable Securities in the underwriting to the extent provided herein.

Section 1.11. "Market Stand-Off" Agreement. If requested by XTL and an underwriter of XTL Common Shares (or other securities) of XTL, Neoprobe shall not sell or otherwise transfer or dispose of any XTL Common Shares (or other securities) of XTL held by Neoprobe (other than those included in the registration) during a period of up to one hundred eighty (180) days following the effective date of a registration statement of XTL filed under the Securities Act, provided that (a) such agreement shall only apply to the first registration statement of XTL including securities to be sold on its behalf to the public in an underwritten offering; and (b) all persons having contractual registration rights and all officers and directors of XTL enter into similar agreements. The obligations described in this Section 1.11 shall not apply to a registration relating solely to employee benefit plans, Rule 145 transactions or exchange offers. XTL may impose stop-transfer instructions with respect to the securities subject to the foregoing restriction until the end of the applicable period.

Section 1.12. Allocation of Registration Opportunities. In any circumstance in which all of the Registrable Securities and all of the XTL Common Shares of XTL the holders of which have contractual registration rights (the "Other Stock") requested to be included in a registration cannot be so included as a result of limitations on the aggregate number of shares held by

selling shareholders that may be so included, the number of shares of Registrable Securities and Other Stock that may be so included shall be allocated among Neoprobe and the holders of Other Stock requesting inclusion of shares, pro rata on the basis of the number of shares of Registrable Securities and Other Stock that would be held by such selling shareholders, assuming conversion of the Debentures and exercise of the Warrant; provided, however, that the allocation procedure described in this sentence shall not be applied to reduce the number of shares that a selling shareholder may sell in such registration if he has requested the inclusion of shares having a reasonably expected gross selling price of Seventy-Five Thousand Dollars ($75,000) or less. The allocation procedure described in the first sentence of this paragraph shall not operate to reduce the aggregate number of Registrable Securities and Other Stock to be included in such registration. If any holder of Registrable Securities or Other Stock does not request inclusion of the maximum number of shares of Registrable Securities or Other Stock allocated to him pursuant to the above-described procedure, the remaining portion of his allocation shall be reallocated among those holders requesting inclusion of Registrable Securities or Other Stock whose allocations did not satisfy their original requests, and this procedure shall be repeated until all of the shares of Registrable Securities and Other Stock which may be included in the registration have been so allocated. XTL shall not limit the number of Registrable Securities to be included in a registration pursuant to this Agreement in order to include shares held by persons who do not have contractual registration rights or, with respect to registrations under Section 1.2 hereof, in order to include in such registration securities registered for XTL's own account.

Section 1.13. Termination of Registration Rights. The right of Neoprobe to request registration under Section 1.2 above or inclusion in any registration pursuant to Section 1.3 above, shall terminate when (a) Neoprobe does not hold any Debentures or any portion of the Warrant, (b) all Registrable Securities held by Neoprobe may be sold by it without registration, (c) the XTL Common Shares (including all Registrable Securities) are listed on the New York or American Stock Exchange, the Nasdaq National Market or the Tel Aviv Stock Exchange, provided that Neoprobe shall be permitted under the laws of the State of Israel in effect at the time of any such listing on the Tel Aviv Stock Exchange to repatriate the proceeds of any XTL Common Shares sold on the Tel Aviv Stock Exchange to the United States in U.S. Dollars, and (d) all transfer restrictions on the Registrable Securities held by Neoprobe and any legends concerning such restrictions on certificates representing such stock have been removed.

Section 1.14. Amendment to Registration Rights. If at any time following the date of this Agreement XTL grants to any investor registration rights which are materially more favorable to such investor in any respect than the registration rights set forth in this Article 1, then XTL shall notify Neoprobe of the grant of such more favorable registration rights and shall enter into an amendment to this Agreement in form and substance reasonably satisfactory to Neoprobe and granting to Neoprobe registration rights which are comparable in all respects to the most favorable registration rights then granted by XTL to any investor.

Article 2. Neoprobe Securities Ownership.

Section 2.1. New Securities. (a) XTL hereby grants to Neoprobe the right of first refusal to purchase a pro rata share of New Securities (as defined in this Section 2.1) which XTL may, from time to time, propose to offer and sell. The right of first refusal granted pursuant to this Section 2.1 shall terminate upon the first to occur of: (i) Neoprobe no longer holding Debentures, the Warrant or any XTL Common Shares, or (ii) the effective date of the first registration filed by XTL for an offering of its securities to the general public. For purposes of this right of first refusal, Neoprobe's pro rata share is the ratio of the number of XTL Common Shares owned by Neoprobe immediately prior to the issuance of New Securities, assuming full conversion of the Debentures and the complete exercise of the Warrant, to the total number of fully diluted XTL Common Shares outstanding immediately before the issuance of New Securities. For the purpose of determining the total number of fully diluted XTL Common Shares outstanding immediately before the issuance of New Securities, all securities that are convertible into or exchangeable for XTL Common Shares (including the Debentures) shall be deemed to have been fully converted into or exchanged for XTL Common Shares, all options, warrants (including the Warrant) and rights to purchase XTL Common Shares or securities that are convertible into

or exchangeable for XTL Common Shares shall be deemed to have been fully exercised and all agreements or contracts to issue or sell XTL Common Shares shall be deemed to have been fully completed.

(b) If XTL proposes to offer and sell New Securities, it shall notify Neoprobe of the terms of such offering and shall provide Neoprobe with copies of all documents concerning such offering. If Neoprobe determines to participate in the offering, it shall indicate such acceptance within ten (10) business days following the notice described in the immediately preceding sentence, and shall do so on the same terms and subject to the same conditions as all other participants in the offering and XTL shall accept Neoprobe's subscription for New Securities and allocate a sufficient number thereof to Neoprobe in accordance with paragraph (a) of this Section 2.1. As long as Neoprobe is capable of making representations of the type found in Sections 2.3.5 and 2.3.6 of the Investment Agreement, XTL shall not impose any condition on any offering of New Securities that would exclude Neoprobe from participation.

(c) "New Securities" means any capital stock (including XTL Common Shares) of XTL whether now authorized or not, and rights, options or warrants to purchase such capital stock, and securities of any type that are, or may become, convertible into capital stock; provided that the term "New Securities" does not include (i) securities issued upon conversion of the Debentures or exercise of the Warrant; (ii) securities issued as consideration for the acquisition of another business entity or business division of any such entity by XTL by merger, purchase of substantially all the assets or other reor-

ganization whereby XTL will own more than fifty percent (50%) of the voting power of such business entity or business segment of any such entity; (iii) any borrowings, direct or indirect, from financial institutions or other persons by XTL, whether or not presently authorized, including any type of loan or payment evidenced by any type of debt instrument, provided such borrowings do not have any equity features including warrants, options or other rights to purchase capital stock and are not convertible into capital stock of XTL; (iv) securities issued to employees, officers or directors of XTL pursuant to any stock option, stock purchase or stock bonus plan, agreement or arrangement approved by the board of directors; (v) securities issued in connection with any recapitalization of XTL; nor (vi) any right, option or warrant to acquire any security convertible into the securities excluded from the definition of New Securities pursuant to clauses (i) through (v) above.

(d) XTL will use all reasonable efforts to issue and sell New Securities within ninety (90) days following the date of this Agreement resulting in net proceeds to XTL of between $3 million and $5 million.

Section 2.2. Compliance with the Securities Act. Neoprobe may not offer for sale or sell any securities issued by XTL unless such securities have been registered under the Securities Act and registered or qualified under applicable state securities laws or such securities or their offer or sale are exempt from such registration or qualification and XTL has received an opinion of counsel, in form and substance reasonably satisfactory to XTL, to the effect that such securities or their offer or sale are so exempt.

Section 2.3. Opportunities. Nothing contained in this Agreement or Neoprobe's ownership of Debentures, the Warrant, or XTL Common Shares or its right to nominate directors or election of any affiliate of Neoprobe as a director or officer of XTL shall require Neoprobe to offer any business opportunity to XTL or provide any funds to XTL not specifically mentioned in the Investment Agreement.

Article 3. Board of Directors.

Section 3.1. Size of the Board. The parties hereto shall use their best efforts to ensure that the Articles of Incorporation and bylaws of XTL provide that the board of directors of XTL shall be not less than five (5) nor more than seven (7) directors.

Section 3.2. Nominations. Neoprobe shall have the right to nominate one director. XTL shall use its best efforts to cause such person nominated by Neoprobe to serve as a director of XTL to be duly elected by the shareholders of

XTL. If a director nominated by Neoprobe dies, resigns or is removed, only Neoprobe may nominate his successor. The director nominated by Neoprobe shall serve as a member of each committee of the board of directors (other than any committee whose authority extends solely to scientific matters).

Section 3.3. Board of Directors' Meetings. The board of directors of XTL shall meet within thirty (30) days after the date hereof and thereafter as often as necessary but not less frequently than quarterly.

Section 3.4. Termination. The provisions of this Article 3 shall terminate if Neoprobe no longer owns XTL Common Shares, Debentures or Warrants which on a fully diluted basis constitute at least 5% of the XTL Common Shares. For the purpose of determining the total number of fully diluted XTL Common Shares outstanding, all securities that are convertible into or exchangeable for XTL Common Shares (including the Debentures) shall be deemed to have been fully converted into or exchanged for XTL Common Shares, all options, warrants (including the Warrant) and rights to purchase XTL Common Shares or securities that are convertible into or exchangeable for XTL Common Shares shall be deemed to have been fully exercised and all agreements or contracts to issue or sell XTL Common Shares shall be deemed to have been fully completed. Notwithstanding the foregoing, the provisions of this Article 3 shall terminate effective upon the closing of the initial registered public offering of XTL Common Shares.

Article 4. Covenants.

Part 4.1. Covenants of XTL. From the date hereof until such time as Neoprobe no longer owns XTL Common Shares, Debentures or Warrants which on a fully diluted basis constitute at least 5% of the XTL Common Shares, and unless Neoprobe otherwise consents, XTL will perform and observe the covenants set forth in this Part 4.1. For the purpose of determining the total number of fully diluted XTL Common Shares outstanding, all securities that

are convertible into or exchangeable for XTL Common Shares (including the Debentures) shall be deemed to have been fully converted into or exchanged for XTL Common Shares, all options, warrants (including the Warrant) and rights to purchase XTL Common Shares or securities that are convertible into or exchangeable for XTL Common Shares shall be deemed to have been fully exercised and all agreements or contracts to issue or sell XTL Common Shares shall be deemed to have been fully completed.

Section 4.1.1. Basic Financial Information. XTL will furnish the following reports to Neoprobe:

(a) As soon as practicable after the end of each fiscal year of XTL, and in any event within ninety (90) days thereafter, a consolidated balance sheet of XTL and its subsidiaries, if any, as at the end of such fiscal year, and consolidated statements of operations, cash flow and changes in equity of XTL and its subsidiaries, if any, for such year, prepared in accordance with GAAP consistently applied and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and audited and reported on by independent public accountants of recognized national standing selected by XTL, accompanied by an XTL prepared comparison to XTL's financial plan and budget for such year adopted under Section 4.1.1(b) below.

(b) As soon as practicable after the end of the first, second, and third quarterly accounting periods in each fiscal year of XTL, and in any event within forty-five (45) days thereafter, a consolidated balance sheet of XTL and its subsidiaries, if any, as of the end of each such quarterly period, and consolidated statements of operations and cash flow of XTL and its subsidiaries for such period and for the current fiscal year to date, prepared in accordance with GAAP consistently applied and setting forth in comparative form the figures for the corresponding periods of the previous fiscal year and to XTL's operating plan then in effect and approved by its board of directors, subject to changes resulting from normal year-end audit adjustments, all in reasonable detail and certified by the principal financial or accounting officer of XTL, accompanied by a comparison of such statements to XTL's financial plan and budget for such period except that such financial statements need not contain the notes required by generally accepted accounting principles.

(c) From the date XTL becomes subject to the reporting requirements of the Exchange Act, and in lieu of the financial information

required pursuant to Sections 4.1.1(a) and (b), copies of its annual reports on Form 10-K and all exhibits thereto and its quarterly reports on Form 10-Q, respectively.

(d) As soon as practicable after the end of each month and in any event within twenty (20) days thereafter a consolidated balance sheet of XTL and its subsidiaries, if any, as of the end of such month and consolidated statements of operations and cash flow of XTL and its subsidiaries, for each month and for the current fiscal year of XTL to date, all subject to normal year-end audit adjustments, prepared in accordance with GAAP consistently applied, together with a comparison of such statements to the corresponding periods of the prior fiscal year and to XTL's then effective financial plan and budget.

(e) As soon as practicable after transmission or occurrence and in any event within ten (10) days thereof, copies of any reports or communications delivered to any class of XTL's security holders or broadly to the financial community, including any filings by XTL with any securities exchange, the Commission or the National Association of Securities Dealers.

(f) As soon as practicable after the end of each fiscal year of XTL, and in any event within forty-five (45) days thereafter, a statement of the principal financial or accounting officer of XTL as to the absence of any material adverse change in the financial condition of XTL as compared to the financial condition as set forth in the most recent financial information provided by XTL pursuant to this Section 4.1.1, or, in the event such a material adverse change exists, a statement to such effect together with a description of the events or conditions giving rise to such material adverse change.

Section 4.1.2. Additional Information and Rights.

(a) XTL will permit Neoprobe (or a representative of Neoprobe) to visit and inspect any of the properties of XTL, including its books of account and other records (and make copies thereof and take extracts therefrom), and to discuss its affairs, finances and accounts with XTL's officers and its independent public accountants, all upon reasonable notice at such reasonable times and as often as

any such person may reasonably request. XTL shall provide to Neoprobe such other information and data with respect to XTL and its subsidiaries as Neoprobe may from time to time reasonably request.

(b) Annually and at least thirty (30) days before the beginning of each fiscal year of XTL, XTL shall prepare a financial plan and budget, which shall be approved by the board of directors of XTL, which financial plan and budget shall include a projection of operations and cash flows for such fiscal year, a projected balance sheet as of the end of such fiscal year and a detailed list of proposed capital expenditures during such fiscal year. Any material changes in such business plan and budget shall be approved by the board of directors of XTL, which approval shall be required before such changes take effect unless they are not under the control of XTL. XTL shall provide copies of the annual financial plan and budget and any changes thereto to Neoprobe promptly after they are approved by the board of directors.

(c) XTL shall upon the request of Neoprobe provide Neoprobe with (i) a report from XTL on its compliance with the terms and conditions of this Agreement and any other agreement pursuant to which XTL has borrowed money or sold its securities within ninety (90) days after the end of each fiscal year and (ii) a copy of the annual management review letter of XTL's independent public accountants, as soon as practicable after the end of each fiscal year and in any event within one hundred twenty (120) days thereafter.

(d) The provisions of Section 4.1.1 and this Section 4.1.2 shall not limit any rights which Neoprobe may have to inspect and copy the books and records of XTL and its subsidiaries, to inspect their properties or discuss their affairs and finances, under the laws of the jurisdictions in which they are incorporated.

(e) Neoprobe hereby agrees to hold in confidence and not trade on or disclose any confidential information provided pursuant to Section 4.1.1 or this Section 4.1.2. Information that is provided to all shareholders of XTL

or any news media or that is otherwise publicly available shall not be deemed to be confidential.

Section 4.1.3. Independent Accountants. XTL has retained Somekh Chaikin as its independent public accountants who shall audit and report on XTL's financial statements at the end of each fiscal year. If the services of the independent public accountants so selected, or any firm of independent public accountants hereafter employed by XTL, are terminated, XTL will promptly notify Neoprobe and will request the firm of independent public accountants whose services are terminated to deliver to Neoprobe a letter from such firm setting forth the reasons for the termination of their services. In its notice to Neoprobe, XTL shall state whether the change of accountants was recommended or approved by the board of directors of XTL or any committee thereof. In the event of such termination, XTL will promptly thereafter engage another firm of independent public accountants of recognized national standing reasonably acceptable to Neoprobe.

Section 4.1.4. Accounts and Records. XTL shall make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of XTL, its subsidiaries and their employee benefit plans; and shall devise and maintain a system of internal accounting controls sufficient to provide reasonable assurance that (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions have been and are recorded as necessary (i) to permit preparation of financial statements in conformity with GAAP, and (ii) to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action has been and is taken with respect to any differences.

Section 4.1.5. Corporate Existence. XTL shall maintain in full force and effect its corporate existence, rights and franchises. XTL shall hold its annual meeting of shareholders as provided in its Articles of Association.

Section 4.1.6. Insurance. XTL shall maintain insurance with respect to the properties and businesses of XTL and its subsidiaries against loss, damage or liability of the kinds and in the amounts required by law or customarily insured against by prudent business persons engaged in similar businesses and similarly situated.

Section 4.1.7. Payment of Taxes, etc. XTL shall promptly pay and discharge (a) all taxes imposed upon it or upon any of its properties, (b) all

lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar persons for labor, materials, supplies and rentals, which if unpaid, might become a lien upon its properties, and (c) any debt incurred by it before or after the date of this Agreement when due; provided, however, that XTL and its subsidiaries shall not be required to pay any of the foregoing if (i) the amount or validity thereof is being contested in good faith by appropriate proceedings, (ii) XTL has provided for on its books, in accordance with GAAP, adequate reserves or provisions with respect thereto and (iii) such non-payment does not have a material adverse effect on XTL or its subsidiaries.

Section 4.1.8. Compliance with Laws. XTL shall comply with each material provision of all laws, orders of a tribunal or governmental permits relating to the conduct of its business or to its properties or assets if noncompliance with such law, order or permit would have a material adverse effect on XTL.

Section 4.1.9. Performance of Contracts. XTL shall comply with each material provision of all of their respective contracts if the breach of such provision would have a material adverse effect on XTL.

Section 4.1.10. Nature of the Business. XTL shall not change the general character of the business conducted by it as a biopharmaceutical company on the date hereof, nor engage in any type of business not reasonably related to such business.

Section 4.1.11. Issuance of Stock. XTL shall not sell or issue any XTL Common Shares or any other debt or equity securities except upon a determination

by the board of directors that the proceeds to be received by XTL (in cash, property or other appropriate consideration) in connection with such sale shall be not less than the then fair value of the securities to be issued.

Section 4.1.12. Dividends on Securities. XTL shall not declare or pay any dividend or make any other distribution with respect to any of its capital shares, unless at the time of such declaration and payment all payments required to be made with respect to the Debentures have been paid in full. XTL shall not declare or pay any dividend or make any other distribution with respect to the XTL Common Shares, unless at the time of such declaration and payment all payments required to be made with respect to the Debentures have been paid in full and XTL has paid all dividends required to be paid to holders of XTL Preferred Shares.

Section 4.1.13. Debt. XTL shall not incur any debt in excess of One Million Dollars ($1,000,000) over the amount of debt projected under XTL's then current financial plan and budget approved under Section 4.1.2(b) above, other than trade credit incurred in the ordinary course of business. Compliance with the covenant set forth in this Section 4.1.13 shall be determined as of the end of each month.

Section 4.1.14. Loans, Advances and Investments.

(a) XTL shall not and shall cause its subsidiaries to not (i) acquire, hold or purchase any stock, bond, note or other security of high risk of any person in the nature of an investment, (ii) make any loan, advance or capital contribution to any person other than employees of XTL, (iii) become a general partner in any partnership or a member in any joint venture, (iv) assume, guarantee, endorse or otherwise become liable for the debts or obligations of any other person (except for the endorsements of negotiable instruments for deposit or collection in the regular course of business or guaranties by XTL of obligations of XTL's wholly-owned subsidiaries, and guaranties by a subsidiary of obligations of XTL), nor (v) enter into contracts relating to commodity futures, financial futures, or similar investments.

(b) Notwithstanding the provisions of Section 4.1.14(a) above, XTL may purchase without limitation (i) certificates of deposit of the banks that are insured by the Bank of Israel, (ii) securities issued by the State of Israel or any agency or instrumentality thereof, (iii) commercial paper that has an investment grade rating from a recognized rating agency, or (iv) publicly traded equity securities of current or potential customers, suppliers or other persons having commercial relationships with XTL having an acquisition cost of no more than Ten Thousand Dollars ($10,000) per issue. Furthermore and notwithstanding the provisions of Section 4.1.14(a) above, XTL and its subsidiaries may advance trade credit to their respective customers in the ordinary course of business and may continue to hold loans and investments made before the date hereof that are disclosed on the Disclosure Schedule to the Investment Agreement.

Section 4.1.15. Transactions with Affiliates. XTL shall not and shall cause its subsidiaries to not, without the approval of the disinterested members of XTL's board of directors, lend money or property to, lease property to or from or enter into contracts or other transactions with any director, officer or person who owns beneficially or of record five percent (5%) of the XTL Common Shares of XTL, or any of their affiliates. This Section 4.1.18 shall not affect any transaction listed on the Disclosure Schedule to the Investment Agreement.

Part 4.2. Termination of XTL Covenants.

Section 4.2.1. Termination Date. The obligation of XTL to comply with the covenants set forth in Part 4.1 of this Agreement shall terminate effective upon the closing of the initial registered public offering of XTL Common Shares.

Part 4.3. Covenants of Neoprobe.

Section 4.3.1. Transfers of Shares. Neoprobe will not sell or otherwise transfer any XTL Common Shares other than in compliance with the terms of the XTL articles of association applicable to the transfer of such shares. XTL shall provide all reasonable assistance to Neoprobe in effecting such compliance.

Article 5. Definitions.

Section 5.1. General. Certain words and phrases used in this Agreement shall have the meanings given to them below in this Section. Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Investment Agreement.

"Adverse claims" includes any claim that a transfer of any property or assets was or would be wrongful or that a particular person is the owner of or has an interest in the property or asset. Such term does not include restrictions on transfer imposed by this Agreement.

"Affiliate" means, with respect to a specified person, any other person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the specified person. A person shall be deemed to be an affiliate of a specified person if: (a) he is an employee, officer, director, partner, agent or attorney of such specified person; (b) he is the beneficial owner of twenty percent (20%) or more of any class of the equity securities of the specified person; (c) the specified person is the beneficial owner of twenty percent (20%) or more of any class of the equity securities of the other person; (d) he has a substantial beneficial interest in or serves as trustee or in a similar fiduciary capacity for any trust, estate or employee benefit plan; (e) it is an employee benefit plan for the benefit of the employees of the specified person; or (f) such other person is his relative or spouse or a relative of his spouse.

"Class E Share" means the Class E Common Share of XTL.

"Closing Date" means the date of the sale of Debentures and Warrant pursuant to the terms of the Investment Agreement.

"Commission" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Companies Act" means the companies act or business corporation acts and laws applicable to XTL as a public company formed and existing under the laws of the State of Israel.

"Contract" means any contract or any agreement, promise or instrument, whether written or oral, that creates or evidences a right or an obligation of a person; organizes or constitutes a person that is a corporation, partnership, trust, estate or other association; transfers, creates or evidences an interest in the property or assets of a person or sets forth the terms of an encumbrance on the property or assets of a person. A contract is a contract of a person if such person is a party to the contract, was organized or constituted under the contract, has assumed any liability under the contract, has been delegated any duty under the contract, has been assigned any right under the contract or if the contract sets forth the terms of an encumbrance on property or assets owned by such person.

"Debentures" means the 5% Convertible Subordinated Debentures due February 1, 1998 issued by XTL.

"Debt" means any obligation to repay borrowed money, to pay any promissory note, bond, debenture or similar instrument or security, to pay the deferred purchase price of property or services or to pay a

judgment and includes the amount required to be shown on a balance sheet under GAAP as the liability with respect to a capitalized lease.

"Default" means with respect to any contract any event of default as defined therein or by any law or any event which with the giving of notice or the lapse of time would be such an event of default, any breach or violation of the terms thereof, and any event which with or without the giving of notice or the lapse of time gives any party to or holder of such contract the right to impose a lien or other onerous term or condition on the defaulting party or its properties or to terminate such contract. A default shall be deemed to exist if a party gives or receives notice thereof, whether or not the factual basis of such notice is disputed.

"Eastern Time" means Eastern Standard Time or Eastern Daylight Time as in effect at Columbus, Ohio on a given day.

"Employee benefit plan" means, for any person, any employee benefit pension plan or employee benefit welfare plan and any other plan, benefit or program of benefits or perquisites provided to directors, officers or employees of any person, including, but not limited to, vacation and sickness plans or policies and severance pay and bonus plans or policies. The term "employee benefit plan" includes any employee benefit plan which has been terminated but which still has assets or obligations to which any such person is still liable.

"Encumbrance" means any right, title or interest in property other than the right, title and interest of the owner thereof who has possession and control over the property. The term encumbrance includes liens, contracts of sale, restrictions on use or transfer, consignments, powers of attorney or appointment, restrictions on use or transfer, adverse claims and claims of infringement and defects in title.

"Enforceable obligation" means with respect to a contract of a person that such contract is the valid, legally binding obligation of the person and is enforceable against such person in accordance with its terms.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

"GAAP" means Israeli generally accepted accounting principles.

"Government" means the United States of America, any state thereof, any foreign sovereign and any political subdivision of the foregoing including, but not limited to, any province, district, municipality or county.

"Governmental body or officer" means any agency, department, instrumentality, body or officer of any government, including courts and judges, and any private organization, such as the National Association of Securities Dealers, Inc., to the extent that it is granted governmental powers by any government.

"Governmental permit" means any permit, license, registration, approval, certificate of need or authority issued by any governmental body or officer that is required by any law to be obtained by any person in order to own or use any specified assets or properties or engage in any specified transaction, activity or business, without violating a specified law; any exemption from such a requirement that is not available without any filing with or other action by any governmental body or officer and any consent or approval of any private party, such as Underwriters Laboratories, required by any law to be obtained in order to own or use any specified assets or properties or engage in any specified transaction, activity or business without violating a specified law.

"Immaterial encumbrances" means (a) liens for current taxes not yet due and payable, (b) imperfections of title and easements which are immaterial in character, amount or extent and do not detract from the value or interfere with the use of the property subject thereto and (c) statutory and common law liens of landlords, carriers, warehousemen, mechanics, workmen and materialmen incurred in the ordinary course of business for sums not yet due.

"Includes" means includes, but is not limited to.

"Investment Agreement" means the Investment Agreement dated January 31, 1996 among the parties hereto pursuant to which the form of this Agreement is Exhibit B thereto.

"Law" means any law (whether enacted by statute, constitution or ordinance, declared by any court

(whether at law or in equity) or established by other means) of any government having jurisdiction over a person or its assets or property and any rule or regulation of any governmental body or officer having jurisdiction over a person or its assets or property.

"Lease" means any lease or other contract (however denominated) providing for the use by one person of real or personal property owned by another person.

"Liability" has the same meaning as obligation.

"Lien" means a charge against or an interest in property to secure payment of a debt or performance of an obligation, and includes a security interest created by agreement, a judicial lien obtained by legal or equitable process or litigation, a common law lien or a statutory lien.

"Litigation" means any civil, criminal or administrative action, suit or proceeding before any governmental body or officer or any arbitrator or private tribunal and further includes any investigation, grand jury or discovery preparatory to any threatened, contemplated or possible litigation.

"Mark" means any trademark, trade name, service mark, corporate name or other proprietary designation or any application or filing with respect to any of the foregoing.

"Material adverse change in a person's business or properties" means a material decrease in the person's revenues, cash flow or income or the value of its assets or properties or material increase in its expenses or obligations or the occurrence of any event, including casualty, commencement of litigation, strikes, war, civil disturbance, natural disaster, or changes in the law that individually or in the aggregate have resulted in or are reasonably likely to result in a current or future material decrease in the person's revenues, cash flow or income or the value of its assets or properties or material increase in its expenses or obligations.

"Material adverse effect" means that the occurrence or non-occurrence of a specified action, event or transaction would cause a material adverse change in the specified person's business or properties.

"Obligation" means any obligation that a specified person has to pay money, transfer any asset or property, render services or to perform or refrain from any act, whether it was created by law, order of a tribunal or contract and whether or not it is legal or equitable, reduced to judgment, liquidated or unliquidated, contingent or fixed, matured or unmatured, disputed or undisputed, known or unknown or secured or unsecured. The term obligation does not include the general obligation that persons have to obey the laws of governments having jurisdiction over them, but it does include damages, fines and penalties arising out of violations of such laws and obligations to pay taxes.

"Or" is disjunctive but not exclusive.

"Order of a tribunal" means any order, writ, judgment or injunction issued by any court or other governmental body or officer or any arbitrator or private tribunal as the result of or ancillary to any litigation, which requires the performance or refraining from performance of an act, transfers any interest in property or declares any rights with respect to any property, contract or transaction. The term order of a tribunal does not include money judgments which are enforceable only by legal process. Such term for a given person also includes any agreement, undertaking or understanding between such person and any governmental body or officer acting as a regulatory authority.

"Person" means any individual, corporation, general or limited partnership, estate, trust, or governmental body or officer and any other entity or association that has the power to own property, enter into contracts or to sue and be sued.

"Recapitalization" means, with respect to any security, any issuance of securities with respect thereto as a dividend or any issuance, combination or other change in such security pursuant to any amendment of the issuer's certificate or articles of incorporation or a merger, consolidation, purchase or sale of assets, dissolution, or plan of arrangement, compromise or reorganization of the issuer.

"Rule 144" means Rule 144 as promulgated by the Commission under the Securities Act, as such rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

"Rule 145" means Rule 145 as promulgated by the Commission under the Securities Act, as such rule may be amended from time to time, or

any similar successor rule that may be promulgated by the Commission.

"Securities" means securities as such term is defined in the Securities Act whether or not the securities in question are exempt from any of the provisions of such act.

"Securities Act" means the Securities Act of 1933, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

"Securities laws" means the Securities Act, the Exchange Act, all regulations and rules thereunder, and all applicable state securities or "blue sky" laws and the rules and regulations thereunder, each as they may be amended from time to time.

"Subsidiary" means any corporation of which more than 50% of the outstanding securities having ordinary voting power to elect a majority of the board of directors of such corporation (whether or not at the time securities of any other classes of such corporation have or might have voting power by reason of the happening of any contingency) is directly or indirectly owned by a person or its other subsidiaries.

"Tax returns" means all tax returns, information returns, tax reports, declarations or similar documents required to be filed with any governmental body or officer.

"Taxes" means all taxes including excise taxes, ad valorem taxes and transfer taxes and fees and other governmental charges of any nature imposed upon a person or any of the properties, tangible or intangible assets, income, receipts, payrolls, transactions, stock transfers, capital, net worth or franchises of a person; all sales, use, withholding or other taxes required to be collected from customers, employees and other third parties and paid over to any government; and all additions to tax, penalties or interest which relate in any way to such taxes or any assessment or collection thereof.

"Transfer" means every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with an asset or property or of an interest therein, and includes payment of money, release, lease, abandonment and creation of a lien or other encumbrance.

"Warrant" means the Warrant to purchase XTL Common Shares in the form of Exhibit C attached to the Investment Agreement.

"XTL Common Shares" means the Class A Common Shares of XTL.

Section 5.2. Other. The following defined terms shall have the definitions set forth in the sections indicated:

<TABLE>
<CAPTION>

Term	Section
<S>	<C>
Agreement	5.5
Indemnified Party	1.6
Indemnifying Party	1.6
Neoprobe	Parties
New Securities	2.1
Other Stock	1.12
Registrable Securities	1.1
Registration	1.1
Registration Expenses	1.1
Selling Expenses	1.1
XTL	Parties

</TABLE>

Section 5.3. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

Section 5.4. Effect of Definitions. The definitions set forth in Section 5.1 above or referenced in Section 5.2 above shall apply equally to the singular, plural, adjectival, adverbial and other forms of any of the words and

phrases defined regardless of whether they are capitalized.

Section 5.5. This Agreement. This Agreement consists of the title, date, names of parties, and preamble set forth above, these terms, the signatures of the parties and the information set forth on the signature pages below, the exhibits attached hereto and the certificates, documents and other instruments required to be delivered hereunder; and any reference to this Agreement refers to all of such constituents. The date first set forth above shall be deemed to be the date hereof for all purposes. The statements set forth in the preamble are made for the purpose of providing background information that will assist persons who read this Agreement in interpreting it. Such statements do not constitute representations, warranties or covenants of the parties hereto and they may be contradicted by the parties.

Section 5.6. Case and Gender. In this Agreement words in the singular number include the

plural, and in the plural include the singular; and words of the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender may refer to any gender.

Article 6. Miscellaneous.

Section 6.1. This Agreement. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and it supersedes and discharges all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter. There are no oral conditions precedent to the effectiveness of this Agreement.

Section 6.2. Successors and Assigns. Except as otherwise provided herein, the terms of this Agreement shall inure to the benefit of and be binding upon the respective heirs, legal representatives and corporate or partnership successors of the parties.

Section 6.3. Non-Waiver. Neither the failure of nor any delay by any party to this Agreement to enforce any right hereunder or to demand compliance with its terms is a waiver of any right hereunder. No action taken pursuant to this Agreement on one or more occasions is a waiver of any right hereunder or constitutes a course of dealing that modifies this Agreement.

Section 6.4. Waivers. No waiver of any right or remedy under this Agreement shall be binding on any party unless it is in writing and is signed by the party to be charged. No such waiver of any right or remedy under any term of this Agreement shall in any event be deemed to apply to any subsequent default under the same or any other term contained herein.

Section 6.5. Amendments. No amendment, modification or termination of this Agreement shall be binding on any party hereto unless it is in writing and is signed by the party to be charged.

Section 6.6. Severability. The terms of this Agreement are severable and the invalidity of all or any part of any term of this Agreement shall not render invalid the remainder of this Agreement or the remainder of such term. If any term of this Agreement is so broad as to be unenforceable, such term shall be interpreted to be only so broad as is enforceable.

Section 6.7. Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and disbursements in addition to any other relief to which such party may be entitled.

Section 6.8. Third Parties. Nothing herein expressed or implied is intended or shall be construed to give any person other than the parties hereto any rights or remedies under this Agreement.

Section 6.9. Saturdays, Sundays and Holidays. Where this Agreement authorizes or requires a payment or performance on a Saturday, Sunday or public holiday, such payment or performance shall be deemed to be timely if made on the next succeeding business day.

Section 6.10. Captions. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit or describe the scope or intent of the provisions of this Agreement.

Section 6.11. Notices. Any notice, request or other communication required or permitted to be given under this Agreement shall be duly given if it is in writing and delivered in person, or mailed by air-mail, postage prepaid, or sent by facsimile transmission, and directed to the party at the address set forth under such parties' signature hereto and with such copies delivered, transmitted or mailed to such persons as are specified therein. Such notice shall be effective upon delivery thereof if delivered in person, five (5) days after mailing if air-mailed or upon electronic confirmation of receipt if sent by facsimile transmission. Either party may change its address for notices in the manner set forth above.

Section 6.13. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and either party hereto may execute this Agreement by signing one or more counterparts.

Section 6.14. Governing Law. The validity, terms, performance and enforcement of this Agreement shall be governed by those laws of the State of Delaware and the United States of America that are applicable to agreements negotiated, executed, delivered and performed solely in the State of Delaware and the United States of America.

SIGNATURE PAGE

FOR

INVESTOR'S RIGHTS AGREEMENT

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FEBRUARY 5, 1996

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XTL BIOPHARMACEUTICALS, LTD.

By:

Print Name: Martin Becker
Print Title: President and Chief
Executive Officer

Address for Notices:
XTL Biopharmaceuticals, Ltd.
Kiryat Weismann
P.O. Box 370
Rehovot 76100 Israel
Attention: Chief Executive Officer
Telecopy Number: 972-8-940-5017

Copies to:
Ashok J. Chandrasekhar, Adv.
Goldfarb, Levy, Eran & Co.
Eliahu House
2 lbn Gvirol Street
Tel Aviv 64077 Israel
Telecopy Number: 972-3-695-4344

SIGNATURE PAGE

FOR

INVESTOR'S RIGHTS AGREEMENT

- ----------

FEBRUARY 5, 1996

- ----------

NEOPROBE CORPORATION

By:

Print Name: David C. Bupp
Print Title: President

Address for Notices:

Neoprobe Corporation
425 Metro Place North, Suite 400
Dublin, Ohio 43017-1367
Attention:
Telecopy Number: (614) 793-7522

Copies to:

Robert S. Schwartz, Esq.
Schwartz, Warren & Ramirez
41 South High Street
Suite 2300
Columbus, Ohio 43215
Telecopy Number: (614) 224-0360

EXHIBIT 10.3.36

WARRANT TO PURCHASE CLASS A COMMON SHARES OF XTL BIOPHARMACEUTICALS, LTD.

THIS WARRANT MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED UNLESS IT IS REGISTERED UNDER THE APPROPRIATE SECURITIES LAWS OR IT OR SUCH OFFER, SALE OR TRANSFER IS EXEMPT FROM SUCH REGISTRATION AND THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY IN FORM AND SUBSTANCE, TO THAT EFFECT.

NO. WA01 WARRANT TO PURCHASE 170,700 CLASS A COMMON SHARES, NOMINAL VALUE NIS 0.20 PER SHARE (SUBJECT TO ADJUSTMENT)

VOID AFTER FEBRUARY 13, 1999

For value received, XTL BIOPHARMACEUTICALS, LTD., a public company organized under the laws of the State of Israel (the "Company"), hereby certifies that Neoprobe Corporation, a Delaware corporation, or its registered assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company One Hundred Seventy Thousand Seven Hundred (170,700) Class A Common Shares, nominal value NIS 0.20 per share, of the Company ("Common Shares"), as constituted on February 13, 1996 (the "Warrant Issue Date"), upon surrender hereof at the principal office of the Company referred to below, with the Notice of Exercise attached hereto duly executed, and simultaneous payment therefor in lawful money of the United States as hereinafter provided at the per share exercise price which shall be one hundred twenty five percent (125%) of the base price of Eight and 79/100 Dollars ($8.79) (the "Base Price") if this Warrant is exercised on or before the first anniversary of the Warrant Issue Date and one hundred fifty percent (150%) of the Base Price if this Warrant is exercised thereafter (the "Exercise Price"). The number, character and Exercise Price of such Common Shares are subject to adjustment as provided below. The term "Warrant" as used herein shall include this Warrant and any warrants delivered in substitution or exchange therefor as provided herein. This Warrant is registered and its transfer may be registered upon the books maintained for that purpose by the Company by delivery of this Warrant duly endorsed.

ARTICLE 1. Term of Warrant. Subject to the terms and conditions set forth herein, this Warrant shall be exercisable during the term commencing on the Warrant Issue Date and ending at 5:00 p.m., Eastern time, on the third anniversary of the Warrant Issue Date, and shall be void thereafter.

ARTICLE 2. Exercise of Warrant.

SECTION 2.1. Method. The purchase rights represented by this Warrant are exercisable by the Holder, in whole or in part, at any time or from time to time, during the term hereof by the surrender of this Warrant and the Notice of Exercise annexed hereto duly completed and executed by the Holder at the principal executive office of the Company at Kiryat Weizmann Industrial Park, Rehovot, Israel (or such other office or agency of the Company as it may designate by notice in writing to the Holder), together with the consideration constituting the Exercise Price of the Common Shares to be purchased in cash or by wire transfer to a bank account designated by the Company or by a certified check; provided, however, that if less than all of the purchase rights represented by this Warrant are exercised, such exercise shall involve the purchase of at least One Hundred (100) Common Shares.

SECTION 2.2. Effect. This Warrant shall be deemed to have been exercised at the time of its surrender for exercise together with full payment as provided above, and the person entitled to receive the Common Shares issuable upon such exercise shall be treated for all purposes as the holder of record of such shares at and after such time. As promptly as practicable on or after such date the Company at its expense shall issue to the person entitled to receive the same a certificate for the number of Common Shares issuable upon such exercise. If this Warrant is exercised in part, the Company at its expense will execute and deliver a new Warrant exercisable for the number of shares for which this Warrant may then be exercised.

SECTION 2.3. Holder Not a Shareholder. The Holder shall neither be entitled to vote nor receive dividends nor be deemed the holder of Common Shares or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose until the Warrant has been exercised as provided in this Article 2.

SECTION 2.4. No Fractional Shares. No fractional Common Shares shall be issued upon the exercise of this Warrant. All fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of Common Shares or other securities, properties or rights issuable upon the exercise of this Warrant.

SECTION 2.5. Preferred Shares. If, at the time of the exercise of any portion of this Warrant, any Class A Preferred Shares, nominal value NIS 0.20 per share, of the Company (the "Preferred Shares") are outstanding, the Holder will receive Preferred Shares upon such exercise in lieu of receiving Common Shares. The number of Preferred Shares issuable in such event shall be the number of Common Shares for which the portion of this Warrant being exercised would be exercised but for the operation of this Section 2.5 divided by the then applicable conversion ratio. The conversion ratio is the number of Common Shares into which each Preferred Share is then convertible.

SECTION 2.6. Redemption of Debenture. The tender of this Warrant to the Company by the Holder is a condition to the exercise of its right to redeem the Company's 5% Convertible Subordinated Debenture issued on the Warrant Issue Date (the "Debenture") pursuant to Section 6.3 thereof. If this Warrant is tendered to the Company in connection with such a redemption it may not be exercised from the time of such tender until 90 days have elapsed. If during such 90 day period the redemption price is paid in full, the Warrant shall be canceled and the Company shall have no further liability or obligation hereunder. If the redemption price is not paid in full during such 90 day period, the Company shall return this Warrant to the Holder at the end of the 90 day period and and it shall be exercisable in accordance with its terms thereafter.

ARTICLE 3. Registered Warrants.

SECTION 3.1. Series. This Warrant is one of a numbered series of Warrants which are identical except as to the number of Common Shares purchasable and as to any restriction on the transfer thereof in order to comply with the Securities Act of 1933 and the regulations of the Securities and Exchange Commission promulgated thereunder or state securities or blue sky laws or similar laws of the State of Israel (the "Securities Laws"). Such Warrants are referred to herein collectively as the "Warrants."

SECTION 3.2. Record Ownership. The Company shall maintain a register of the Holders of the Warrants (the "Register") showing their names and addresses and the serial numbers and number of Common Shares purchasable issued to or transferred of record by them from time to time. The Register may be maintained in electronic, magnetic or other computerized form. The Company may treat the person named as the Holder of this Warrant in the Register as the sole owner of this Warrant. The Holder of this

Warrant is the person exclusively entitled to receive notifications with respect to this Warrant, exercise it to purchase Common Shares and otherwise exercise all of the rights and powers as the absolute owner hereof.

SECTION 3.3. Registration of Transfer. Transfers of this Warrant may be registered on the Register. Transfers shall be registered when this Warrant is presented to the Company duly endorsed with a request to register the transfer hereof. When this Warrant is presented for transfer and duly transferred hereunder, it shall be canceled and a new Warrant showing the name of the transferee as the Holder thereof shall be issued in lieu hereof, provided, however, that no transfer of less than all of this Warrant shall be made if the portion to be transferred is less than One Hundred (100) Common Shares. When this Warrant is presented to the Company with a reasonable request to exchange it for Warrants of other denominations of at least One Hundred (100) Common Shares, the Company shall make such exchange and shall cancel this Warrant and issue in lieu thereof Warrants exercisable for an equal number of Common Shares in the denominations requested by the Holder. Such Warrants shall bear the legend set forth on the face hereof, unless the Company receives an opinion of

counsel, reasonably satisfactory to the Company in form and substance, stating that any Warrants to be issued upon any transfer or exchange pursuant to this Section 3.3 are no longer required to bear such legend.

SECTION 3.4. Worn and Lost Warrants. If this Warrant becomes worn, defaced or mutilated but is still substantially intact and recognizable, the Company or its agent may issue a new Warrant in lieu hereof upon its surrender. If this Warrant is lost, destroyed or wrongfully taken, the Company shall issue a new Warrant in place of the original Warrant if the Holder so requests by written notice to the Company and the Holder has delivered to the Company an indemnity agreement reasonably satisfactory to the Company with an affidavit of the Holder that this Warrant has been lost, destroyed or wrongfully taken. Such Warrants shall bear the legend set forth on the face hereof, unless the Company receives an opinion of counsel, reasonably satisfactory to the Company in form and substance, stating that any Warrants to be issued in place of any Warrants pursuant to this Section 3.4 are not required to bear such legend under the Securities Laws.

SECTION 3.5. Restrictions on Transfer and Exercise. This Warrant and the Common Shares issuable upon the exercise of this Warrant may not be offered for sale, sold or otherwise transferred unless such offer, sale or other transfer is registered under the Securities Laws or such securities or such transfer is exempt from such registration and the Company has received an opinion of counsel, reasonably satisfactory to the Company in form and substance, stating that such securities or such offer, sale or transfer is exempt from registration under the Securities Laws. This Warrant may not be exercised unless the exercise hereof is registered under the Securities Laws or the securities issuable hereunder are exempt from registration or such exercise is exempt from registration under the Securities Laws and the Company has received an opinion of counsel or other evidence of such exemption, reasonably satisfactory to the Company in form and substance, stating that such securities or such exercise is exempt from registration under the Securities Laws.

SECTION 3.6. Legend. Upon any exercise of this Warrant, the certificates representing the securities purchased thereby shall bear the following legend in larger or other contrasting type or color, unless (a) such securities shall have been registered under the Securities Laws or (b) the purchaser shall have provided to the Company an opinion of counsel, reasonably satisfactory to the Company in form and substance, stating that such is not required by the Securities Laws:

> These securities may not be offered for sale, sold or otherwise transferred unless they are registered under the appropriate securities laws or they or such offer, sale or other transfer is exempt from such registration and the issuer has received an opinion of counsel, reasonably satisfactory to the issuer in form and substance, to that effect.

SECTION 3.7. Warrant Agent. The Company may, by written notice to the Holder, appoint an agent for the purpose of maintaining the Register, issuing Common Shares or other securities then issuable upon the exercise of this Warrant, exchanging or

transferring this Warrant, or any or all of the foregoing. Thereafter, any such registration, issuance, exchange, or transfer, as the case may be, shall be made at the office of such agent.

ARTICLE 4. Reservation of Stock. The Company covenants that, during the term this Warrant is exercisable, the Company will reserve from its authorized and unissued Common Shares or Common Shares held in treasury a sufficient number of shares to provide for the issuance of Common Shares upon the exercise of this Warrant. The Company further covenants that all shares that may be issued upon the exercise of rights represented by this Warrant, upon exercise of this Warrant and payment of the Exercise Price, all as set forth herein, will be duly authorized, validly issued, fully paid, non-assessable and free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein). The Company agrees that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for Common Shares upon the exercise of this Warrant.

ARTICLE 5. Adjustments. The Base Price, the Exercise Price and the number of shares purchasable hereunder are subject to adjustment from time to time as follows:

SECTION 5.1. Computation of Adjusted Base Price. If the Company, at any time after the date hereof and while this Warrant is exercisable, issues or sells any Common Shares, including shares held in the Company's treasury and Common Shares issued upon the exercise of any options, rights or warrants to subscribe for Common Shares and Common Shares issued upon the direct or indirect conversion or exchange of securities for Common Shares, for a consideration per share that is less than either the Base Price or the Market Price (as hereinafter defined) in effect immediately before the issuance or sale of such shares, or without consideration, then upon such issuance or sale, the Base Price shall (until another such issuance or sale) be reduced to the price (calculated to the nearest full cent) equal to the quotient of

(a) an amount equal to the sum of

(i) the number of Common Shares outstanding immediately before such issuance or sale multiplied by the lesser of (A) the Base Price in effect immediately before such issuance or sale or (B) the Market Price in effect on the date immediately before such issuance or sale, plus

(ii) the aggregate of the amount of all consideration, if any, received by the Company upon such issuance or sale, divided by (b) the number of Common Shares outstanding immediately after such issuance or sale;

provided, however, that the Base Price will not be adjusted pursuant to this computation to be an amount in excess of the Base Price in effect immediately before such issuance or sale. This Section 5.1 does not apply to a split or combination of Common Shares or a dividend thereon payable in Common Shares for which an adjustment is made under Section 5.4 below.

SECTION 5.2. General Rules for Computation of Adjustments. For the purposes of any computation to be made in accordance with Section 5.1 or 5.3, the following provisions shall be applicable:

(a) Commissions and Discounts. The aggregate of the amount of all consideration, if any, received by the Company upon any issuance or sale of Common Shares shall be deemed to include the amount paid for such shares before deducting any commissions or other compensation paid or discount allowed in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services, or any expenses incurred in connection therewith.

(b) Other Than Cash Consideration. If Common Shares are issued or sold for a consideration part or all of which shall be other than cash, the amount of the consideration therefor other than cash shall be deemed to be the value of such consideration as determined in good faith by the Board of Directors of the Company.

(c) Reclassification. The reclassification of securities of the Company other than Common Shares into other securities of the Company shall be deemed to involve the issuance of such Common Shares for a consideration other than cash immediately before the close of business on the date fixed for the determination of security holders entitled to receive such shares, and the value of the consideration allocable to such Common Shares shall be determined as provided in paragraph (b) of this Section 5.2.

(d) Outstanding Shares. The number of Common Shares outstanding at any one time shall be deemed to include the aggregate number of shares issuable (subject to readjustment upon the actual issuance thereof) upon the exercise of any and all outstanding options, rights, warrants to purchase Common Shares and upon the conversion or exchange of any and all outstanding securities convertible or exchangeable into Common Shares.

(e) Market Price. As used herein, the term 'Market Price" at any date shall be deemed to be (i) the last reported sale price for the current or most recent trading days as officially reported by the securities exchange or market on which the Common Shares are principally traded, (ii) if the Common Shares are not principally traded on a securities exchange or market, the closing bid quotation on such day as furnished by an inter-dealer quotation system or

(iii) if the Common Shares are not so quoted, as determined in good faith by a resolution of the Board of Directors of the Company, based on the best information available to it.

(f) Exercise Price Per Share. As used herein, the term "Exercise Price Per Share," means at a given time the total amount payable by the Holder upon the complete exercise of this Warrant at that time divided by the total number of Common Shares issuable upon such exercise.

(g) Common Shares. As used herein, the term "Common Shares" means (i) the class of stock designated as Class A Common Shares in the Articles of Association of the Company as of the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Shares consisting solely of changes in nominal value, or from nominal value to no nominal value, or from no nominal value to nominal value. If the Company issues securities with greater or superior voting rights than the Common Shares outstanding as of the date hereof, the Holder, at its option, may receive upon exercise of this Warrant either Common Shares or a like number of such securities with greater or superior voting rights.

SECTION 5.3. Options, Rights, Warrants and Convertible and Exchangeable Securities. If the Company at any time after the date hereof and while this Warrant is exercisable, issues options, rights or warrants to subscribe for Common Shares, or issues any securities convertible into or exchangeable for Common Shares, for a consideration per share less than either the Base Price or the Market Price in effect immediately before the issuance of such options, rights or warrants, or such convertible or exchangeable securities, or without consideration, the Base Price in effect immediately before the issuance of such options, rights or warrants, or such convertible or exchangeable securities, as the case may be, shall be reduced to a price determined by making a computation in accordance with the provisions of Section 5.1 hereof, provided that:

(a) The aggregate maximum number of Common Shares, as the case may be, issuable under such options, rights or warrants shall be deemed to be issued and outstanding at the time such options, rights or warrants were issued, and shall be deemed to be issued for a consideration equal to the minimum purchase price per share provided for in such options, rights or warrants at the time of issuance, plus the consideration, if any, received by the Company for the issuance of such options, rights or warrants.

(b) The aggregate maximum number of Common Shares issuable upon conversion or exchange of any convertible or exchangeable securities shall be deemed to be issued and outstanding at the time of issuance of such securities, and for a consideration equal to the consideration received by the Company for the issuance of such securities, plus the minimum consideration, if any, receivable by the Company upon the conversion or exchange thereof.

(c) If any change shall occur in the exercise price per share provided for in any of the options, rights or warrants referred to in clause (a) of this Section 5.3, or in the price per share at which the securities referred to in clause (b) of this Section 5.3 are convertible or exchangeable, such options, rights or warrants or conversion or exchange rights, as the case may be, shall be deemed to have expired or terminated on the date when such price change became effective in respect of shares not theretofore issued pursuant to the exercise or conversion or exchange thereof, and the Company shall be deemed to have issued upon such date new options, rights or warrants or convertible or exchangeable securities at the new price in respect of the number of shares issuable upon the exercise of such options, rights or warrants or the conversion or exchange of such convertible or exchangeable securities.

(d) Except as provided in clause (c) of this Section 5.3, no further adjustment of the Base Price shall be made upon the actual issuance of the Common Shares upon the exercise of such options, rights or warrants, or the conversion or exchange of such convertible or exchangeable securities.

SECTION 5.4. Split, Subdivision or Combination of Shares. If, at any time while this Warrant remains outstanding and unexpired, the Common Shares are split or if a dividend of Common Shares is paid on the Common Shares, the number of Common Shares for which this Warrant is exercisable shall be increased automatically by the ratio between the number of Common Shares outstanding immediately after such event (assuming that there is no elimination of

fractional shares as a result of such split or dividend) and the number of Common Shares outstanding immediately before such event and the Base Price hereof shall be decreased automatically by the same ratio. If the Common Shares are combined into a lesser number of Common Shares, the number of Common Shares for which this Warrant is exercisable shall be decreased automatically by the ratio between the number of Common Shares outstanding immediately after such event (assuming that there is no elimination of fractional shares as a result of such combination) and the number of Common Shares outstanding immediately before such event and the Base Price hereof shall be increased automatically by the same ratio.

SECTION 5.5. Adjustment in Number of Common Shares. Upon each adjustment of the Base Price pursuant to the provisions of this Article 5 other than an adjustment under Section 5.4 above, the number of Common Shares issuable upon the exercise of this Warrant shall be adjusted to the nearest full number of Common Shares by multiplying the Base Price in effect immediately before such adjustment by the number of Common Shares issuable upon exercise of this Warrant immediately before such adjustment and dividing the product so obtained by the adjusted Base Price.

SECTION 5.6. Merger, Sale of Assets, etc. If, at any time while this Warrant or any portion thereof is outstanding and unexpired, there shall be (a) a reorganization (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein) of the Company, (b) a merger or consolidation of the Company with or into another corporation in which the Company is not the surviving entity, or a reverse triangular merger in which the Company is the surviving entity but the shares of the Company's capital stock outstanding immediately prior to the merger are converted by virtue of the merger into other property, whether in the form of securities, cash, or otherwise, or (c) a sale or transfer of the Company's properties and assets as, or substantially as, an entirety to any other person, then, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that the holder of this Warrant shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares of stock or other securities or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that a holder of the shares deliverable upon exercise of this Warrant would have been entitled to receive in such reorganization, consolidation, merger, sale or transfer if this Warrant had been exercised immediately before such reorganization, merger, consolidation, sale or transfer, all subject to further adjustment as provided in this Article 5. The foregoing provisions of this Section 5.6 shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock or securities of any other corporation that are at the time

receivable upon the exercise of this Warrant. If the per share consideration payable to the Holder hereof for shares in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors, which determination shall be conclusive in the absence of manifest error. In all events, appropriate adjustment (as determined in good faith by the Company's Board of Directors, which determination shall be conclusive in the absence of manifest error) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

SECTION 5.7. Reclassification, etc. If the Company, at any time while this Warrant remains outstanding and unexpired, by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the Warrant immediately prior to such reclassification or other change and the Base Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Article 5.

SECTION 5.8. Dividends of Other Securities or Property. If, while this

Warrant or any portion hereof remains outstanding and unexpired, the holders of the securities as to which purchase rights under this Warrant exist at the time shall have received, or, on or after the record date fixed for the determination of eligible shareholders, shall have become entitled to receive, without payment therefor, other or additional stock or other securities or property (other than cash) of the Company by way of dividend, then, and in each case, this Warrant shall represent the right to acquire, in addition to the number of shares of the security receivable upon exercise of this Warrant, and without payment of any additional consideration therefor, the amount of such other or additional stock or other security or property (other than cash) of the Company that such holder would hold on the date of such exercise had it been the holder of record of the security receivable upon exercise of this Warrant on the date hereof and had thereafter, during the period from the date hereof to and including the date of such exercise, retained such shares and all other additional stock available by it as aforesaid during such period, giving effect to all adjustments called for during such period by the provisions of this Article 5.

SECTION 5.9. Certificate as to Adjustments. Upon the occurrence of each adjustment pursuant to this Article 5, the Company at its expense shall promptly compute such adjustment in accordance with the terms hereof and furnish to the Holder a certificate setting forth such adjustment and showing in detail the facts upon which such adjustment is based, and the Base Price before and after the adjustment. The Company shall, at any time upon the written request of any Holder, furnish to such Holder a certificate setting forth: (a) such adjustments; (b) the Base Price and the Exercise Price then in effect; and (c) the number of shares and the amount, if any, of other property that at the time would be received upon the exercise of the Warrant.

SECTION 5.10. No Impairment. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Article 5 and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the Holder of this Warrant against impairment.

SECTION 5.11. No Adjustment of Base Price in Certain Cases. No adjustment of the Base Price shall be made:

(a) Upon the issuance or sale of the Common Shares issuable upon the exercise of the Warrants or the conversion of the Debenture or any convertible securities outstanding on the Warrant Issue Date and described in writing to the Holder on or before the Warrant Issue Date; or

(b) Upon the issuance or sale of Common Shares upon the exercise of options, rights or war-

rants, or upon the conversion or exchange of convertible or exchangeable securities, in any case where the Base Price was adjusted at the time of issuance of such options, rights or warrants, or convertible or exchangeable securities, as contemplated by Section 5.3 hereof; or

(c) If the amount of said adjustment shall be less than one cent ($.01) per Common Share, provided, however, that in such case, any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least one cent ($.01) per Common Share; or

(d) Upon the issuance of options to directors, employees or consultants of the Company or the exercise of such options if such options were issued under a plan which was approved by the shareholders of the Company and the Holder or which was existing on the date this Warrant was originally issued, the plan is administered by a committee of independent directors, the number of Common Shares issuable under the plan and all other similar plans is limited to twenty per cent (20%) of the number of outstanding Common Shares at the time the plan is approved by the shareholders, the term of the option does not exceed ten (10) years from the date of grant and the exercise price of the option is not less than the Market Price of the Common Shares on the date of grant.

ARTICLE 6. Distributions. If: (a) the Company sets a record date for the holders of its Common Shares (or other stock or securities at the time receivable upon

the exercise of this Warrant) for the purpose of entitling them to receive any dividend or other distribution other than cash dividends out of retained earnings, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right, or (b) there is any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation or merger of the Company with or into another entity, or any conveyance of all or substantially all of the assets of the Company, or (c) there is any voluntary dissolution, liquidation or winding-up of the Company, the Company will mail to the Holder a notice specifying, as the case may be, (i) the record date for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any, that is to be fixed, as of which the holders of record of Common Shares (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their Common Shares (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up. Such notice shall be mailed at least fourteen (14) days prior to the date therein specified.

ARTICLE 7. Amendments. This Warrant may not be amended without the prior written consent of the Holder.

ARTICLE 8. Notices. Any notice, certificate or other communication which is required or convenient under the terms of this Warrant shall be duly given if it is in writing and delivered in person, mailed by air-mail, postage prepaid, or sent by facsimile transmission and directed to the Holder of the Warrant at its address as it appears on the Register or if to the Company to its principal executive offices. Such notice shall be effective upon delivery thereof if delivered in person, five (5) days after mailing if air-mailed or upon electronic confirmation of receipt if sent by facsimile transmission.

ARTICLE 9. Time. Where this Warrant provides for a payment or performance on a Saturday or Sunday or a public holiday in the State of Israel or the State of Ohio, such payment or performance may be made on the next succeeding business day.

ARTICLE 10. Rules of Construction. In this Warrant, unless the context otherwise requires, words in the singular number include the plural, and in the plural include the singular, and words of the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender may refer to any gender. The numbers and titles of sections contained in this Warrant are inserted for convenience of reference only, and they

neither form a part of this Warrant nor are to be used in the construction or interpretation hereof.

ARTICLE 11. Governing Law. The validity, terms, performance and enforcement of this Warrant shall be governed by those laws of the State of Delaware that are applicable to agreements that are negotiated, executed, delivered and performed solely in the State of Delaware.

IN WITNESS WHEREOF, XTL BIOPHARMACEUTICALS, LTD. has caused this Warrant to be executed by its officer thereto duly authorized.

XTL BIOPHARMACEUTICALS, LTD.

By

Print Name: Martin Becker
Print Title: President and Chief Executive Officer

ASSIGNMENT OF WARRANT

The undersigned hereby sell(s) and assign(s) and transfer(s) unto

---

- ---

(name, address and SSN or EIN of assignee)

of this Warrant.

- ---

(portion of Warrant)

Date: Sign:

--- ---

(Signature must conform in all respects to name of Holder shown on face of Warrant)

Signature Guaranteed:

NOTICE OF EXERCISE

[TO BE COMPLETED AND SIGNED ONLY UPON EXERCISE OF WARRANT]

The undersigned, the Holder of this Warrant, hereby irrevocably elects to exercise the right to purchase Common Shares, nominal value NIS 0.20 per share, of XTL Biopharmaceuticals, Ltd.

(whole number of Warrants exercised)

Date: Sign:

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(Signature must conform in all respects to name of Holder shown on face of Warrant)

Exhibit 10.3.37

RESEARCH AND DEVELOPMENT AGREEMENT

This Agreement is made and entered into as of this 13th day of February, 1996, by and between XTL Biopharmaceuticals, Ltd., a company of Israel having a principal place of business at Rehovot, Israel (hereinafter referred to as "XTL"), and Neoprobe Corporation, a Delaware Corporation, having a principal place of business at Dublin, Ohio USA (hereinafter referred to as "Neoprobe").

RECITALS:

WHEREAS, Neoprobe desires to engage the services of XTL to engage in research activities as requested by Neoprobe using certain disease modeling and targeting agent technology and for Neoprobe to have the exclusive right to use the results of such research in the Field (as below defined);

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I - DEFINITIONS

1.1 "Technology" shall mean the disease modeling and targeting agent technology owned by Yeda Research and Development Company, Ltd. of the Weizmann Institute of Science ("Yeda") and licensed to XTL, as represented by, European patent application publications 0438053A1 (application no. 91100047.0, filed January 2, 1991, entitled "Durable Engraftment And Development of Human Hematopoietic Lineages in Normal Mammals") and 0517199A1 (application no. 92109402.5, filed June 3, 1992, entitled "Durable Engraftment of Human Tissue and Cells in Normal Mammals"); European patent no. 0485471 (grant published April 27, 1994 Bulletin 94/17); United States application nos. 08/061,706, filed May 17, 1993 (entitled "Engraftment and Development of Xenogeneic Cells in Normal Mammals Having Reconstituted Hematopoietic Deficient Immune Systems") and 08/337,925, filed November 10, 1994 (continuation-in-part of serial no. Israeli application no. 93067, filed January 15, 1990, entitled "A Novel Chimeric Non-Human Mammal"), and data, know-how, processes, cell lines, animals and animal models, and procedures connected therewith. XTL warrants that any and all technology in the Field that it develops and/or acquires after the date hereof and during the Research Term that could be used in performing a Project shall be automatically added to Technology.

1.2 "Field" shall mean the detection and differentiation of neoplastic (cancerous) tissue using radiolabelled targeting agents; and application of Neoprobe's adoptive cellular therapy techniques (ACT) for treating cancer patients and patients afflicted with ****

Omitted portions of this exhibit 10.3.37 have been filed separately with the Commission and are subject to a request for confidential treatment under rule 24b-2

**** Omitted and filed separately under Rule 24b-2 pursuant to which Neoprobe Corporation has requested Confidential Treatment of this information

it being understood that ACT is defined as activating patients autogenous immunocytes ex vivo with cytokines.

1.3 "Affiliate" shall mean a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. "Control" (and, with correlative meanings, the terms "controlled by" and "under common control with") shall mean the possession of the power to direct or cause the direction of the management and policies of such Person, whether through the

ownership of voting stock, by contract or otherwise. In the case of a corporation "control" shall mean, among other things, the direct or indirect ownership of more than fifty percent (50%) of such corporation's outstanding voting stock.

1.4 "Project" shall mean a research and development activity, including products and by-products of the research and development activity, under this Agreement as agreed to by the parties in accordance with a Workplan and Budget as detailed below.

1.5 "Research Term" shall mean the time period commencing with the date hereof and terminating on December 31, 2001, unless mutually extended in writing by the parties hereto.

ARTICLE II - Research and Development.

2.1 Research and Development Services - Neoprobe hereby engages XTL to undertake, and XTL hereby agrees to undertake, the research, development, and related activities based on the Technology in the Field during the Research Term with the objective of enabling Neoprobe to develop and commercialize products or services within the Field (the "Research and Development"). The costs of the Research and Development paid by Neoprobe to XTL shall be the "Development Costs". Such services shall be provided as follows:

2.1.1 Workplan and Budget - Attached hereto as Exhibit A is the initial workplan and budget as agreed to by Neoprobe and XTL for the Research and Development of the Projects set forth in Exhibit A, covering the Research Term in accordance with the Workplan and Budget. On each September 30 during the Research Term of this Agreement, XTL and Neoprobe shall review the Workplan and Budget then in effect to determine whether any changes in the objectives and projected costs of Research and Development to be performed with respect to each Project are required. Each revision to the Workplan and Budget shall be subject to the approval of the Boards of Directors of Neoprobe and XTL, which approval shall not be unreasonably withheld. Further workplans and budgets can be added to Exhibit A during the Research Term hereof by mutual written agreement of Neoprobe and XTL.

Omitted portions of this exhibit 10.3.37 have been filed separately with the Commission and are subject to a request for confidential treatment under rule 24b-2

**** Omitted and filed separately under Rule 24b-2 pursuant to which Neoprobe Corporation has requested Confidential Treatment of this information

2.1.2 - Commercially Reasonable Efforts. During the Research Term of this Agreement, XTL shall use its commercially reasonable efforts to (a) conduct the Research and Development on behalf of Neoprobe with respect to each Project in a prudent and skillful manner in accordance in all material respects with the Workplan and Budget then in effect for each Project and applicable laws, ordinances, rules, regulations, orders, licenses, and other requirements now or hereafter in effect, and (b) diligently execute the Workplan and Budget. XTL shall report to Neoprobe deviations of more than 10% from the Workplan and Budget promptly upon becoming aware of the same. XTL shall in accordance with each Workplan and Budget furnish all labor, supervision, services, supplies, and materials necessary to perform the Research and Development in accordance with the Workplan and Budget then in effect.

2.1.3 Reports and Recording - On each January 15 and July 15 during the Research Term of this Agreement, XTL shall provide to Neoprobe a reasonably detailed report (each a "Periodic Report") with respect to the previous April through September,

or October through March, as the case may be, setting forth (a) the total Development Costs incurred during such period; (b) a summary of the work performed hereunder by XTL and its employees and agents during such period; and (c) a description of any material developments with respect to the Workplan and Budget. Thirty (30) days prior to the end of each year during the Research Term of this Agreement, XTL shall report to Neoprobe with respect to the progress of the Research and Development, which report shall include the most recent Periodic Report and any proposed revisions to the Workplan and Budget, as provided in Article 2.1.1 hereof. XTL shall prepare a final report, within ninety (90) days after the expiration or termination of this Agreement, setting forth (a) the total Development Costs incurred during the Research Term of the Agreement for each Project; (b) a summary of all work performed hereunder by XTL and its employees and agents during the Research Term of the Agreement; (c) the cost overruns contributed by XTL, if any, during the Research Term of the Agreement; and (d) a description of any material developments with respect to the Technology in the Field. XTL shall keep and maintain, in accordance with generally accepted accounting principles, proper and complete records and books of account documenting all of its expenses related to the Research and Development, including those allocated to and paid by or debited to Neoprobe hereunder. At Neoprobe's request and expense, XTL shall permit an independent public accountant selected by Neoprobe and reasonably acceptable to XTL to have access, no more frequently than once in each year during the Research Term of this Agreement and the period which is three (3) calendar years following the termination thereof, during regular business hours and upon reasonable notice to XTL, to such records and books for the purpose of determining the appropriateness of Development Costs invoiced hereunder or of any Workplan and Budget or for any other reasonable purpose; provided, however, that if such

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independent public accountants reasonably determine that such Development Costs have been, for any year, after adjustments herein provided for, overstated by XTL by an amount equal to or greater than ten percent (10%), then XTL shall pay all reasonable fees and disbursements of such independent public accountants incurred in the course of making such determination.

2.1.4 Abandoned Project - At any time, Neoprobe may determine in its reasonable business judgment, based on the reports provided by XTL pursuant to Article 2.1.3 hereof and after discussions with the management of XTL, or XTL may determine with Neoprobe's consent, which shall not be withheld unreasonably, that the Research and Development with respect to one or more Projects is rendered or is likely to be rendered unfeasible or uneconomic, and should be discontinued. If it is so determined that the Research and Development with respect to one or more Projects should be discontinued, then (a) the Research and Development shall be discontinued with respect to such Project(s) (an "Abandoned Project"), and (b) Neoprobe shall either (i) reallocate, to one or more other Projects that are under development, the funds that were, in the Workplan and Budget then in effect, to be expended for Research and Development activities with respect to such Abandoned Project (but had not yet been expended or irrevocably committed by XTL

in connection with the research, experimentation, and development of such Abandoned Project) or (ii) with the consent of XTL, such consent not to be unreasonably withheld, pursue, the development of new products in the Field or new indications of Projects not abandoned. The rights granted to Neoprobe pursuant to Article VI below shall not extend to the results of an Abandoned Project.

2.1.5 Development Costs Overruns - In the event the Development Costs for any Project exceed the Available Funds allocated to such Project under the Workplan and Budget then in effect, XTL may, in its sole discretion, provide the funds necessary to complete the Research and Development for such Project (the "Cost Overruns"). In the event XTL elects to fund such Cost Overruns, it shall do so at its own cost and expense without Neoprobe having the obligation or duty to reimburse XTL for such Cost Overruns; and without prejudice to any rights or options acquired by Neoprobe in this Agreement.

2.2 Disclaimer of Warranties - XTL cannot and does not guarantee that the Research and Development will be successful in whole or in part. To the extent that XTL has complied with Article 2.1.2 hereof, the failure of XTL to develop any Project successfully will not in and of itself constitute a breach by XTL of any representation, warranty, covenant, or other obligation under this Agreement. Neoprobe shall bear all risks of loss attributable to the research and development activities performed on its behalf by XTL. XTL shall be entitled to retain the entire amount of payments made to it by Neoprobe hereunder

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whether or not the Research and Development work is successful and accomplishes the results contemplated by the Workplan and Budget.

ARTICLE III.-Payment for Services; Timing of Payments

3.1 Budgeted Payments - In consideration of the activities to be carried out by XTL hereunder, Neoprobe shall pay XTL for the Research and Development provided during the Research Term of this Agreement in accordance with the Workplan and Budget. The parties agree that Neoprobe shall reimburse XTL the actual costs of XTL as set forth in the Workplan and Budget plus a fee equal to twenty-five percent (25%) of such actual costs.

3.3 Timing of Budgeted Payments - Neoprobe shall pay to XTL quarterly, in advance, not later than the first day of each calendar month, beginning in accordance with the Workplan and Budget, one-third of all Development Costs budgeted for the calendar quarter in which such calendar month occurs. Within forty-five (45) days after the end of each calendar quarter, XTL shall deliver a statement to Neoprobe of the Development Costs actually incurred in such calendar quarter, and Neoprobe shall pay to XTL any additional Development Costs in excess of Neoprobe's actual payments to XTL hereunder during such calendar quarter. If the amount reflected in the quarterly statement of Development Costs is less than the Development Costs actually paid by Neoprobe to XTL in such calendar quarter, XTL shall apply such excess against the amounts next due from Neoprobe on the first day of the first month in the next succeeding calendar quarter or, if no such amounts are due, XTL shall promptly refund any such excess to Neoprobe.

ARTICLE IV - Representations, Warranties and Covenants.

4.1 Representations, Warranties and Covenants of XTL - XTL represents,

warrants and covenants to Neoprobe as follows:

(a) XTL is a corporation duly organized and validly existing under the laws of Israel with corporate powers adequate for executing and delivering, and performing its obligations under, this Agreement;

(b) the execution, delivery, and performance of this Agreement have been duly authorized by all necessary corporate action on the part of XTL;

(c) this Agreement has been duly executed and delivered by XTL and is a legal, valid, and binding obligation of XTL, enforceable against XTL in accordance with its terms;

(d) the execution, delivery, and performance of this Agreement do not and will not conflict with or contravene any provision of the charter documents or by-laws of

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XTL or any agreement, document, instrument, indenture or other obligation of XTL;

(e) XTL shall in the future propose any amendments or modifications to the Workplan and Budget hereunder in good faith; and

(f) except as otherwise provided herein, XTL shall not initiate or undertake any research and development for the purpose of commercializing the Projects in the Field during the Research Term of this Agreement.

4.2 Representations, Warranties and Covenants of Neoprobe - Neoprobe represents, warrants and covenants to XTL as follows:

(a) Neoprobe is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware with corporate powers adequate for executing and delivering, and performing its obligations under, this Agreement;

(b) the execution, delivery, and performance of this Agreement have been duly authorized by all necessary corporate action on the part of Neoprobe;

(c) this Agreement has been duly executed and delivered by Neoprobe and is a legal, valid, and binding obligation of Neoprobe, enforceable against Neoprobe in accordance with its terms;

(d) the execution, delivery, and performance of this Agreement do not and will not conflict with or contravene any provision of the charter documents or by-laws of Neoprobe or any agreement, document, instrument, indenture or other obligation of Neoprobe;

(e) Neoprobe shall propose, approve, or object to any amendments or modifications to the Workplan and Budget hereunder in good faith; and

(f) Neoprobe shall not, during the term of this Agreement, without the prior written consent of XTL, solicit the employment of, or employ any person, in any capacity, who, at any time during

the term of this Agreement, shall have been an officer, director, employee, or agent of XTL.

ARTICLE V - Confidentiality

5.1 XTL and Neoprobe each agree to maintain the terms of this Agreement in confidence, unless this Agreement permits its disclosure or a governmental regulation or law requires its disclosure; however, each party may disclose the existence of this Agreement. Notice of any disclosure made by any party to a non-party shall promptly be given to the other

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parties hereto. Both parties to this Agreement agree to maintain any information received from the other party under this Agreement ("Confidential Information") in confidence and not disclose the Confidential Information to any person or entity that is not a party to this Agreement. Confidential Information exchanged under this Agreement may be in any form including written or oral. Upon termination of the Agreement, if requested by the disclosing party, the receiving party will return any Confidential Information received in tangible form together with any copies receiving party may have made. The foregoing obligations shall not apply to Confidential Information which Neoprobe or XTL can demonstrate falls within one of the following exceptions:

(a) becomes generally available to the public other than as a result of a disclosure by the receiving party; or

(b) was known to the receiving party on a non-confidential basis prior to receipt from the disclosing party; or

(c) was received on a non-confidential basis from a third party having the right to make such disclosure.

5.2 If Neoprobe or XTL breach their confidentiality obligations and the Confidential Information thereby becomes available to the public, the non-breaching party (either Neoprobe or XTL) is not thereby released from their confidentiality obligations under this Agreement. Confidential Information disclosed to a receiving party under this Article which is specific shall not be deemed to be within any of the above exceptions merely because it is embraced by more general information coming within one of the exceptions. Any combination of features disclosed to a receiving party shall not be deemed to be within any exception merely because individual features thereof fall within one of the exceptions. A receiving party shall notify the disclosing party promptly in writing, after receipt thereof, with supporting evidence when any Confidential Information received is considered by a receiving party to fall within any of the exceptions of under this Article. The confidentiality provisions of the Agreement will remain in effect for ten (10) years from the last date of signature below.

5.3 Neoprobe's obligations under this Article extend to Yeda.

ARTICLE VI - XTL's Grant

Grant of Right by Sublicense - XTL agrees to grant and does hereby grant to Neoprobe an exclusive world-wide right as provided in the Sublicense Agreement attached as Exhibit B hereto (the "Sublicense Agreement") to use in the Field the Project results obtained by XTL under the Research and Development in which XTL engages under this Agreement and with XTL's prior written consent, which consent shall not

be unreasonably withheld, to sublicense others to do so, subject to (i) a reservation of rights for XTL to use the

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Project results in its own research activities and to use or allow the use of the Project results outside the Field for any purpose. It specifically is understood that no item of Technology outside of Project results is granted hereunder.

ARTICLE VII - Indemnification and Insurance

7.1 Neoprobe Right to Indemnification - XTL shall indemnify Neoprobe, its successors and assigns, and the directors, officers, employees, agents, and counsel thereof (the "Neoprobe Indemnitees"), pay on demand and protect, defend, save and hold each Neoprobe Indemnitee harmless up to a maximum amount equal to the amount of all payments received by XTL from Neoprobe under this Agreement from and against any and all liabilities, damages, losses, settlements, claims, actions, suits, penalties, fines, costs, or expenses (including, without limitation, reasonable attorneys' fees) (any of the foregoing, a "Claim") incurred by or asserted against any Neoprobe Indemnitee of whatever kind or nature, including, without limitation, any Claim based upon negligence, warranty, strict liability, or violation of government regulation. XTL's indemnification liability hereunder shall be limited to Claims arising from or occurring as a result of (a) any use of the Technology by XTL, (b) any of the activities or services to be performed by XTL hereunder, or (c) any breach by XTL of this Agreement; except in all cases, Claims based upon the willful misconduct or gross negligence of Neoprobe or infringement of patent or other proprietary rights, and claims for which Neoprobe accepts responsibility under Article 7.2 below. Neoprobe shall promptly notify XTL of any Claim, upon becoming aware thereof, and permit XTL at XTL's cost to defend against such Claim and shall cooperate in the defense thereof. Neither Neoprobe nor XTL shall enter into, or permit, any settlement of any such Claim without the express written consent, which consent shall not be unreasonably withheld, of the other party. Neoprobe may, at its option and expense, have its own counsel participate in any proceeding which is under the direction of XTL and will cooperate with XTL and its insurer in the disposition of any such matter.

7.2 XTL Right to Indemnification - Neoprobe shall indemnify XTL, Yeda, the Weizmann Institute, their successors and assigns, and the directors, officers, employees, agents, and counsel thereof (the "XTL Indemnitees"), pay on demand and protect, defend, save and hold each XTL Indemnitee harmless from and against any and all liabilities, damages, losses, settlements, claims, actions, suits, penalties, fines, costs, or expenses (including, without limitation, reasonable attorneys' fees) (any of the foregoing, a "Claim") incurred by or asserted against any XTL Indemnitee of whatever kind or nature, including, without limitation, any Claim based upon negligence, warranty, strict liability, or violation of government regulation. Neoprobe's indemnification liability hereunder shall be limited to Claims arising from or occurring as a result of clinical trials using a product developed by XTL under a Project or other use of such product or Project results; except in all cases, Claims based upon the willful misconduct or gross negligence of XTL. XTL shall promptly notify Neoprobe of any Claim, upon becoming aware thereof, and permit Neoprobe at Neoprobe's cost to defend against such Claim and shall cooperate in the

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defense thereof. Neither Neoprobe nor XTL shall enter into, or permit, any settlement of any such Claim without the express written consent, which consent shall not be unreasonably withheld, of the other party. XTL may, at its option and expense, have its own counsel participate in any proceeding which is under the direction of Neoprobe and will cooperate with Neoprobe and its insurer in the disposition of any such matter.

7.3 Insurance - XTL shall, at XTL's sole cost and expense and to the extent available at commercially reasonable rates, maintain, with insurers or underwriters of good repute, such insurance relating to the Research and Development as is customary for comparable businesses undertaking research programs of a similar nature, to maintain against such risks and pursuant to such terms (including deductible limits or self-insured retentions) as are customary and reasonable for such businesses.

ARTICLE VIII - Term and Termination.

8.1 Term - This Agreement shall be effective as of the date first above written and shall expire upon the expiration of the Research Term, subject to Articles 8.2, 8.3, and 8.4, below.

8.2 Termination by XTL - XTL shall have the right to terminate this Agreement, effective upon written notice of termination to Neoprobe in the event that:

(a) Neoprobe fails to perform or observe or otherwise breaches any of its material obligations under this Agreement or the attached Sublicense Agreement, and such failure or breach continues for a period of sixty (60) days after written notice thereof to Neoprobe from XTL;

(b) Neoprobe shall (i) seek the liquidation, reorganization, dissolution, or winding-up of itself or the composition or readjustment of its debts, (ii) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of all or a substantial part of its property, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Bankruptcy Code, (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition, or readjustment of debts, or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(c) a proceeding or case shall be commenced without the application or consent of Neoprobe, and such proceeding or case shall continue undismissed, or an order, judgment, or decree approving or ordering any of the following shall be entered and continue unstayed and in effect, for a period of forty-five (45) days from and after the date service of process is effected upon Neoprobe, seeking (i) Neoprobe's liquidation, reorganization, dissolution, or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian,

liquidator, or the like of XTL or Neoprobe or of all or any substantial part of their assets, or (iii) similar relief in respect of Neoprobe under any law relating to bankruptcy, insolvency, reorganization, winding-up, or the composition or readjustment of debts.

8.3 Termination by Neoprobe - Neoprobe shall have the right to terminate this Agreement, effective upon written notice of termination to XTL in the event that:

(a) XTL fails to perform or observe or otherwise breaches any of its material obligations under this Agreement or the attached Sublicense Agreement, and such failure or breach continues for a period of sixty (60) days after written notice thereof from Neoprobe;

(b) XTL shall (i) seek the liquidation, reorganization, dissolution, or winding-up of itself or the composition or readjustment of its debts, (ii) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of all or a substantial part of its property, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Bankruptcy Code or corresponding law applicable to XTL, (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, or (vi) take any corporate action for the purposes of effecting any of the foregoing; or

(c) a proceeding or case shall be commenced without the application or consent of XTL and such proceeding or case shall continue undismissed, or an order, judgment, or decree approving or ordering any of the following shall be entered and continue unstayed and in effect, for a period of forty-five (45) days from and after the date service of process is effected upon XTL, seeking (i) XTL's liquidation, reorganization, dissolution, or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of XTL or of all or any substantial part of its assets, or (iii) similar relief in respect of XTL under any law relating to bankruptcy, insolvency, reorganization, winding-up, or the composition or readjustment of debts; or

(d) for any reason without cause upon ninety (90) days prior written notice to XTL.

8.4 Effect of Termination or Expiration. Articles 2.1.3, 3, 4.1 (a) - (e) and (f) (provided that the grant under Article 6.1 still is in effect) and 4.2, 5, 6 (except in the case of termination other than termination by Neoprobe pursuant to Article 8.3 (b) or (c)), 7, and 11 of this Agreement, and all obligations to pay any amounts due hereunder on or prior to the date of termination or expiration, shall survive, and shall not be affected by expiration or, except as specified above, any termination of this Agreement pursuant to this Article 8.

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ARTICLE IX- No Implied Waivers; Rights Cumulative

No failure on the part of XTL or Neoprobe to exercise and no delay in exercising any right, power, remedy, or privilege under this Agreement, or provided by statute or at law or in equity or otherwise, including, without limitation, the right or power to terminate this Agreement, shall impair, prejudice, or constitute a waiver of any such right, power, remedy, or privilege or be construed as a waiver of any breach of this Agreement or as an acquiescence therein, nor shall any single or partial exercise of any such right, power, remedy, or privilege preclude any other or further exercise thereof or the exercise of any other right, power, remedy, or privilege.

ARTICLE X - Force Majeure

Neither party shall incur any liability, consequential or otherwise, for any delay in performance or failure to perform its obligations under this Agreement, due to acts of God or public enemies, acts of other parties, requests or regulations of civil or military authority, labor disputes, accidents at the factory, lockouts, fire, riots, war or other outbreaks or hostilities, embargoes, inability to obtain shipping or raw material, delays of carriers or suppliers, machinery breakdowns, epidemics, floods, unusually severe weather, shortage of power or fuel, or any causes whatsoever beyond the reasonable control of the party in question; provided, however, that this Article shall not relieve either party from the obligation to pay or make payment of any amount of money due hereunder.

ARTICLE XI - Relationship of the Parties

Nothing contained in this Agreement is intended, or is to be construed, to constitute XTL and Neoprobe as partners or joint venturers, or any employee of XTL or XTL as an employee of Neoprobe or any other relationship other than XTL's relationship to Neoprobe as independent contractor in respect of XTL's performance hereunder. Neither party hereto shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other party or to bind the other party to any contract, agreement, or undertaking with any third party.

ARTICLE XII - Notices

Any notice, request or payment which may or must be given under this Agreement shall be in writing shall be given by telecopier or, if not available, by certified or registered mail sent to the other party at its telecopier number or address indicated below, or to such other address as the addressee shall have theretofore furnished in writing to the addressor. Notice sent by telecopier shall be confirmed by certified or registered mail within two (2) business days of transmission and shall be deemed given 24 hours after transmission. Notices sent by certified or registered mail shall be deemed given ten (10) days after the mailing thereof.

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IF TO XTL BIOPHARMACEUTICALS, LTD.:

Martin Becker, Ph.D., President
XTL BIOPHARMACEUTICALS, LTD.
Kiryat Weizmann Industrial Park
Rehovot, Israel
Telecopier: 011-972-8-405017

IF TO NEOPROBE CORPORATION: WITH A COPY TO:

David C. Bupp, President J. K. Mueller, Jr.., Esq.
NEOPROBE CORPORATION MUELLER AND SMITH, L.P.A.
425 Metro Place North MUELLER-SMITH BUILDING
Suite 400 7700 Rivers Edge Drive
Dublin, Ohio 43017 Columbus, Ohio 43235-1355
Telecopier: 011-1-614-793-7522 Telecopier: 011-1-614--436-0057

ARTICLE XIII - Further Assurances

Each of XTL and Neoprobe agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including, without limitation, the filing of such additional assignments, agreements, documents, and instruments, that may be necessary or as the other party hereto may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectually the provisions and purposes of, or to better assure and confirm unto such other party its rights and remedies under, this Agreement.

ARTICLE XIV- Successors and Assigns

The terms and provisions of this Agreement shall inure to the benefit of, and be binding upon XTL, Neoprobe, and their respective successors and assigns; provided, however, that, except as provided in Article VI hereof or in the attached Sublicense Agreement, neither XTL nor Neoprobe may assign or otherwise transfer any of its rights and interests, nor delegate any of its respective obligations, hereunder, including, without limitation, pursuant to a merger or consolidation, without the prior written consent of the other party hereto; provided further, however, that XTL may assign its rights and interests, and delegate its obligations, hereunder, effective upon written notice thereof without the consent of Neoprobe, (a) to an Affiliate of XTL if such Affiliate assumes all of the obligations of XTL hereunder, or (b) to any Person which acquires all or substantially all of the assets of XTL or which is the surviving Person in a merger or consolidation with XTL, if (i) such Person assumes all of the obligations of XTL hereunder and (ii) if such Person is a solvent corporation or other entity organized and existing under the laws of the U.S. or any state thereof or Israel, and such Person shall have, immediately after giving effect to such assignment or transfer, a tangible net worth (determined in accordance with generally

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accepted accounting principles then in effect) at least equal to the tangible net worth (as so determined) of XTL immediately prior thereto. Any attempt to assign or delegate any portion of this Agreement in violation of this Article 14 shall be null and void. Nothing in this Article 14 shall prevent XTL from engaging other Persons to assist XTL in carrying out the Research and Development as provided for in Article 2 hereof. Subject to the foregoing, any reference to XTL or Neoprobe hereunder shall be deemed to include the successors thereto and assigns thereof.

ARTICLE XV - Amendments

No amendment, modification, waiver, termination, or discharge of any provision of this Agreement, nor consent to any departure by XTL or Neoprobe therefrom, shall in any event be effective unless the same shall be in writing specifically identifying this Agreement and the provision intended to be amended, modified, waived, terminated or discharged and signed by XTL and Neoprobe, and each such amendment, modification, waiver, termination or discharge shall be effective only in the specific instance and for the specific purpose for which given. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or

performance or any other matter not set forth in an agreement in writing and signed by XTL and Neoprobe.

ARTICLE XVI - Governing Law

This Agreement shall in all respects, including all matters of construction, validity and performance, be governed by, and construed and enforced in accordance with, the laws of the State of Ohio applicable to contracts entered into in that state without reference to any rules governing conflicts of laws.

ARTICLE XVII - Severability

If any provision hereof should be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the fullest extent permitted by law, (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the parties hereto as nearly as may be possible and (b) such invalidity, illegality, or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction. To the extent permitted by applicable law, XTL and Neoprobe hereby waive any provision of law that would render any provision hereof prohibited or unenforceable in any respect.

ARTICLE XVIII - Headings

Headings used herein are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, this Agreement.

ARTICLE XIX - Execution in Counterparts

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This Agreement may be executed in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

ARTICLE XX - Entire Agreement

This Agreement, on and as of the date hereof, Is the entire agreement of Neoprobe and XTL with respect to the subject matter hereof, and all prior or contemporaneous understandings or agreements, whether written or oral, between XTL and Neoprobe with respect to such subject matter are hereby superseded in their entireties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their respective duly authorized officers on the date first above written.

NEOPROBE CORPORATION XTL BIOPHARMACEUTICALS, LTD.

By: _____ By: _____

Typed Name: David C. Bupp Typed Name: Martin Becker

Title: President Title: President

Date: _____ Date: _____

with the Commission and are subject to a request for confidential treatment under rule 24b-2

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Exhibit 10.3.38

SUBLICENSE AGREEMENT

This Agreement is made and entered into as of this 13th day of February, 1996, by and between XTL Biopharmaceuticals, Ltd., a company of Israel having a principal place of business at Rehovot, Israel (hereinafter referred to as "XTL"), and Neoprobe Corporation, a Delaware Corporation, having a principal place of business at Dublin, Ohio USA (hereinafter referred to as "Neoprobe").

RECITALS:

WHEREAS, Neoprobe has, pursuant to a Research and Development Agreement of even date herewith (the "Research and Development Agreement"), engaged the services of XTL to engage in research activities as requested by Neoprobe using certain disease modeling and targeting agent technology;

WHEREAS, XTL agreed in the Research and Development Agreement to grant, on the terms and conditions set forth in this Agreement, to Neoprobe an exclusive world-wide right to use the Project results, on the terms and conditions described herein, obtained by XTL under the Research and Development in which XTL engages under the Research and Development Agreement;

WHEREAS, this Sublicense Agreement is an attachment to and implementation of the grant by XTL to Neoprobe in the Research and Development Agreement;

NOW, THEREFORE, the parties hereto, in consideration of the promises, terms and conditions set forth herein, mutually agree as follows:

ARTICLE I - DEFINITIONS

The following terms shall have the meanings set forth below:

1.1 "Technology" shall mean the disease modeling and targeting agent technology owned by Yeda Research and Development Company, Ltd. of the Weizmann Institute of Science ("Yeda") and licensed to XTL, as represented by, European patent application publications 0438053A1 (application no. 91100047.0, filed January 2, 1991, entitled "Durable Engraftment And Development of Human Hematopoietic Lineages in Normal Mammals") and 0517199A1 (application no. 92109402.5, filed June 3, 1992, entitled "Durable Engraftment of Human Tissue and Cells in Normal Mammals"); European patent no. 0485471 (grant published April 27, 1994 Bulletin 94/17); United States application nos. 08/061,706, filed May 17, 1993 (entitled "Engraftment and Development of Xenogeneic Cells in Normal Mammals Having Reconstituted Hematopoietic Deficient Immune Systems") and 08/337,925, filed November 10, 1994 (continuation-in-part of serial no. Israeli application no. 93067, filed January 15, 1990, entitled "A Novel Chimeric Non-Human Mammal"), and data, know-how, processes, cell lines, animals and animal models, and procedures connected therewith. XTL warrants that any and all technology

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in the Field that it develops and/or acquires after the date hereof and during the Research Term that could be used in performing a Project shall be automatically added to Technology.

1.2 "Field" shall mean the detection and differentiation of neoplastic (cancerous) tissue using radiolabelled targeting agents; and application of Neoprobe's adoptive cellular therapy techniques (ACT) for treating cancer patients and patients afflicted with **** it being understood that ACT is defined as activating patients autogenous immunocytes ex vivo with cytokines.

1.3 "Licensed Service" shall mean

(a) (i) a cell processing method wherein lymph nodes excised from **** patients are mitogenically stimulated for preparation of a therapeutic agent; (ii) a service that involves use of a method in the Field, or (iii) service that involves use of a Licensed Product; or

(b) (i) a cell processing method wherein lymph nodes excised from cancer patients are mitogenically stimulated for preparation of a therapeutic agent; (ii) a service that involves use of a method in the Field; or (iii) service that involves use of a Licensed Product.

1.4 "Licensed Product(s)" shall mean (i) a therapeutic preparation manufactured with the method of Article 1.3 (a)(i) and (b)(i) for use in treating **** cancer patients; or (ii) a radiolabeled locator preparation adapted to selectively concentrate in neoplastic or cancerous tissue.

1.5 "Net Sales" shall mean the gross amounts received for sale or lease of Licensed Products or Licensed Service, excluding any insurance, tax, duty and transportation costs separately invoiced to customers, and less any broker's commissions actually paid and any trade, cash and quantity discounts, returns, allowances and adjustments actually granted to customers out of such gross amounts.

1.6 "Affiliate" shall mean a person, whether an individual or a legal entity, that controls, is controlled by or is under common control with the antecedent person, where control of a legal entity means the ability to elect at least one-half of the directors of such entity.

1.7 "Project" shall mean a research and development activity, including products and by-products of the research and development activity, under the Research and Development Agreement as agreed to by the parties in accordance with a Workplan and Budget as detailed in the Research and Development Agreement.

ARTICLE II - SUBLICENSE GRANT, WARRANTY, ACCEPTANCE AND PERFORMANCE

2.1 Grant of Sublicense by XTL

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2.1.1 - XTL agrees to grant and does hereby grant to Neoprobe an exclusive world-wide right use the Project results obtained by XTL under the Research and Development in which XTL engages under this Agreement and the Research and Development Agreement in order for Neoprobe to make, have made, sell, have sold, lease, and have leased a Licensed Product or Licensed Service, and with XTL's prior written consent, which consent shall not be unreasonably withheld, to sublicense others to do so, subject to (i) a reservation of rights for XTL to use the Project results in its own research activities and to use or allow the use of the Project results outside the Field for any purpose; and (ii) the other terms and conditions of this Agreement and the Research and Development Agreement. It specifically is understood that no item of Technology outside of Project results is granted hereunder.

2.1.2 - Any invention in the Field made by Neoprobe based on the Project results also shall be automatically added to this Agreement and a royalty paid on Licensed Products and Licensed Services thereunder; provided, however, that only one royalty shall be due for any Licensed Product or Licensed Service hereunder.

2.2 Warranties - XTL hereby warrants that it is an exclusive licensee in and to the Technology, and that it has the right, subject to the terms of the Research and License Agreement dated as of April 7, 1993 between

Yeda and XTL (as amended), to grant the above exclusive sublicense, under patent rights as provided herein. HOWEVER, XTL EXCLUDES ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE AND FREEDOM FROM INFRINGEMENT OF RIGHTS OF OTHERS, AS TO THE TECHNOLOGY, THE PROJECT RESULTS, OR ANY LICENSED PRODUCT OR ANY LICENSED SERVICE; AND ANY WARRANTY THAT ANY PATENT UNDER THE TECHNOLOGY IS VALID OR THAT ANY PATENT APPLICATION UNDER THE TECHNOLOGY WILL MATURE INTO AN ISSUED PATENT. XTL agrees to hold Neoprobe harmless and defend it against all claims and suits relating to the warranty given to Neoprobe under this subparagraph.

2.3 Acceptance of Sublicense - Neoprobe accepts the above sublicense, and will diligently exert its good faith efforts to develop and promote the most extensive provision of sales of Licensed Products and Licensed Services under the sublicense that is both commercially practicable and compatible with good practice in the pharmaceutical industry. Should Neoprobe fail to exert such efforts, XTL may then convert the exclusive sublicense granted hereunder to a non-exclusive sublicense upon giving notice thereof to Neoprobe pursuant to this Agreement.

2.4 Forbearance to file Suit - XTL agrees that it will not file suit against Neoprobe, its affiliates, or sublicensees, if any, for activities within the scope of such entities license or sublicense under this Agreement based on any of its or Yeda's pre-existing patents or patent applications that may dominate the Technology, so long as this Agreement and such license or sublicense remains in effect.

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ARTICLE III - ROYALTIES, REPORTS, AND RECORDS

3.1 Royalties

3.1.1 - Subject to the provisions of Article 6.1 below, Neoprobe shall pay XTL a royalty on Net Sales by Neoprobe and its Affiliates to non-Affiliates at the following rates:

(a) on Licensed Products or Licensed Services based on Neoprobe proprietary targeting agents, **** percent (****%);

(b) on ACT Licensed Products or Licensed Services using the Project results, **** percent (****%);

(c) on Licensed Products or Licensed Services based on XTL non-proprietary targeting agents, **** percent (****%);

(d) on Licensed Products or Licensed Services based on XTL proprietary targeting agents, **** percent (****%).

3.2 Minimum Performance by Neoprobe -

3.3 Reports - A report shall accompany each royalty payment from Neoprobe to XTL for each calendar quarter showing the basis upon which the amount of royalties owed was determined. Such report and royalty payment shall be made within thirty (30) days after each calendar quarter, commencing with the quarter in which the first commercial sale by Neoprobe under this Agreement is made.

3.4 Records - Neoprobe shall keep accurate records in sufficient detail to enable the royalties accrued and payable under this Agreement to be determined. Such records shall be retained for at least three (3) years after the report required pursuant to Article 3.2 above, for the period to which such records pertain, has been submitted to XTL, or for such longer time as may be required to finally resolve any question or

discrepancy raised by XTL. Upon the request, with reasonable notice, of XTL, but not more frequently than once a calendar year, Neoprobe shall permit an independent public accountant selected and paid by XTL and reasonably acceptable to Neoprobe to have access during regular business hours to such records as may be necessary to verify the accuracy of royalty payments made or payable hereunder. Said accountant shall disclose information so acquired to XTL only to the extent that it should properly have been contained in the royalty reports required under this Agreement or constitutes evidence of fraud upon XTL.

ARTICLE IV-PATENTS, COSTS, AND ENFORCEMENT

4.1 Patents - XTL shall, at XTL's expense, prosecute and maintain patent applications and patents covering the Technology.

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4.2 Patent Enforcement - XTL shall enforce any patent under the Technology against an infringer that is making a product and performing a service sublicensed to Neoprobe by XTL hereunder.

ARTICLE V - FORCE MAJEURE

No party shall incur any liability, consequential or otherwise, for any delay in performance or failure to perform its obligations under this Agreement, due to acts of God or public enemies, acts of other parties, requests or regulations of civil or military authority, labor disputes, accidents at the factory, lockouts, fire, riots, war or other outbreaks or hostilities, embargoes, inability to obtain shipping or raw material, delays of carriers or suppliers, machinery breakdowns, epidemics, floods, unusually severe weather, shortage of power or fuel, or any causes whatsoever beyond the reasonable control of the party in question.

ARTICLE VI - DURATION AND TERMINATION

6.1 Sublicense Term - This Agreement shall become effective as of the date first written above and shall expire upon the later of (a) the expiration, cancellation, or final and unappealable determination of invalidity or unenforceability of all patents, if any, sublicensed hereunder to Neoprobe by XTL, or (b) twelve (12) years from the date of first commercial sale by Neoprobe of a product sublicensed hereunder to Neoprobe by XTL.

6.2 Termination by Either Party - Either party may terminate this Agreement should the other party fail to comply with or to perform any of their duties or other material obligations under this Agreement or under the Research and Development Agreement when due and should such failure not be remedied within sixty (60) days of written notice of such default having been given to the defaulting party. Any termination pursuant to this Article 6.2 shall be in addition to, and not in place of, other rights or remedies to which a party may be entitled. This Agreement shall automatically terminate also on termination of the Research and Development Agreement, except in the case where Article VI of that Research and Development Agreement survives such termination as provided therein. Any notices must be given to all other parties in accordance with Article 7.4.

6.3 Termination by XTL - XTL shall have the right to terminate this Agreement, effective upon written notice of termination to Neoprobe in the event that:

(a) Neoprobe shall (i) seek the liquidation, reorganization, dissolution, or winding-up of itself or the composition or readjustment of its debts, (ii) apply for or consent to the appointment of, or the taking of possession by, a receiver,

custodian, trustee, or liquidator of itself or of all or a substantial part of its property, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Bankruptcy Code, (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or

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composition, or readjustment of debts, or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(b) a proceeding or case shall be commenced without the application or consent of Neoprobe, and such proceeding or case shall continue undismissed, or an order, judgment, or decree approving or ordering any of the following shall be entered and continue unstayed and in effect, for a period of forty-five (45) days from and after the date service of process is effected upon Neoprobe, seeking (i) Neoprobe's liquidation, reorganization, dissolution, or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of XTL or Neoprobe or of all or any substantial part of their assets, or (iii) similar relief in respect of Neoprobe under any law relating to bankruptcy, insolvency, reorganization, winding-up, or the composition or readjustment of debts.

6.4 Termination by Neoprobe - Neoprobe shall have the right to terminate this Agreement, effective upon written notice of termination to XTL in the event that:

(a) XTL shall (i) seek the liquidation, reorganization, dissolution, or winding-up of itself or the composition or readjustment of its debts, (ii) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of all or a substantial part of its property, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Bankruptcy Code or corresponding law applicable to XTL, (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, or (vi) take any corporate action for the purposes of effecting any of the foregoing; or

(b) a proceeding or case shall be commenced without the application or consent of XTL and such proceeding or case shall continue undismissed, or an order, judgment, or decree approving or ordering any of the following shall be entered and continue unstayed and in effect, for a period of forty-five (45) days from and after the date service of process is effected upon XTL, seeking (i) XTL's liquidation, reorganization, dissolution, or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator, or the like of XTL or of all or any substantial part of its assets, or (iii) similar relief in respect of XTL under any law relating to bankruptcy, insolvency, reorganization, winding-up, or the composition or readjustment of debts.

6.5 Existing Rights - The rights of each party against the other which may have accrued up to the date of termination or expiration shall remain unaffected by expiration or termination as provided herein.

ARTICLE VII - MISCELLANEOUS

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7.1 Non-Waiver - The waiver by either party of a breach of any provision of this Agreement shall not be deemed to effect or imply a waiver of any other breach of such provision or a waiver of the provision itself.

7.2 Governing Law - This Agreement shall be governed by and construed in accordance with the law of the State of Ohio, USA.

7.3 Assignment - This Agreement shall be assignable by Neoprobe only to an entity created by Neoprobe to fund research and development of the Project results and of which entity Neoprobe guarantees the performance under this Agreement, provided that Neoprobe retains an option from such entity to commercialize any product or service developed by such entity; provided that XTL shall have the right in writing to approve of such assignment by Neoprobe, which approval shall not be unreasonably withheld.

7.4 Notices - Any notice, request or payment which may or must be given under this Agreement shall be in writing and sent to the other party at its address indicated below or to such other address as the addressee shall have theretofore furnished in writing to the addressor.

IF TO XTL BIOPHARMACEUTICALS, LTD.:

Martin Becker, Ph.D., President
XTL BIOPHARMACEUTICALS, LTD.
Kiryat Weizmann Industrial Park
Rehovot, Israel
Telecopier: 011-972-8-405017

IF TO NEOPROBE CORPORATION: WITH A COPY TO:

David C. Bupp, President
NEOPROBE CORPORATION
425 Metro Place North
Suite 400
Dublin, Ohio 43017
Telecopier: 011-1-614-793-7522

J. K. Mueller, Jr.., Esq.
MUELLER AND SMITH, L.P.A.
MUELLER-SMITH BUILDING
7700 Rivers Edge Drive
Columbus, Ohio 43235-1355
Telecopier: 011-1-614-436-0057

7.5 Entire Agreement - The terms and provisions contained in this Agreement constitute the entire Agreement between the parties and shall supersede all previous communications, representations, agreements or understandings, either oral or written, between the parties hereto with respect to the subject matter hereof, and no agreement or understanding varying or extending this Agreement will be binding upon either party hereto, unless in writing which specifically refers to this Agreement, signed by duly authorized officers or

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representatives of the respective parties, and the provisions of this Agreement not specifically amended thereby shall remain in full force

and effect according to their terms.

7.6 Severability - The invalidity or illegality of any term, clause or provision of this Agreement shall not invalidate or lessen the effect of any other term, clause or provision of this Agreement or of this Agreement itself, unless a party would thereby be substantially deprived of its benefit from the Agreement, in which event the parties will attempt in good faith to revise the Agreement on a fair and equitable basis, but if such attempt fails, then the Agreement may be terminated by either party upon thirty (30) days' written notice to the other.

7.7 Indemnification - Neoprobe agrees to indemnify, hold harmless and defend XTL, Yeda, and the Weizmann Institute of Science, their successors and assigns, their officers, employees, and agents, against any and all claims, suits, losses, damage, costs, fees, and expenses resulting from or arising out of Neoprobe's use of Project results in connection with this sublicense.

7.8 Confidence - XTL and Neoprobe each agree to maintain the terms of this Agreement in confidence, unless this Agreement permits its disclosure or a governmental regulation or law requires its disclosure; however, each party may disclose the existence of this Agreement. Notice of any disclosure made by any party to a non-party shall promptly be given to the other parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their respective duly authorized officers on the date first above written.

NEOPROBE CORPORATION XTL BIOPHARMACEUTICALS, LTD.

By: _____ By: _____

Typed Name: David C. Bupp Typed Name: Martin Becker

Title: President Title: President

Date: _____ Date: _____

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Exhibit 10.3.39

LIMITED LIABILITY COMPANY AGREEMENT

FEBRUARY 22, 1996

NEOPROBE CORPORATION, a Delaware corporation ("Neoprobe"), and

PEPTOR CORP., a Delaware corporation ("Peptor").

PREAMBLE

1. Neoprobe owns or has rights to technology relating to the use of radiolabeled locators (antibodies, peptides and the like) in the detection and differentiation of neoplastic (cancerous) tissue (the "Neoprobe Technology").

2. Peptor or its affiliates own or have rights to technology relating to peptides and other proteins (including somatostatin analogs) (the "Peptor Proprietary Proteins").

3. Neoprobe and Peptor desire to organize an entity to facilitate Neoprobe's radiolabeling of Peptor Proprietary Proteins which will be evaluated for use in the detection and differentiation of cancerous tissue using the Neoprobe Technology (the "Business").

TERMS

ARTICLE 1. THE COMPANY.

SECTION 1.1. FORMATION. Effective as of the date first set forth above, the parties to this Agreement (who are sometimes referred to as the "Members" and individually as a "Member" herein) hereby form a Limited Liability Company under Title 6, Chapter 18 of the Delaware Code ("DC") for the purposes set forth in Section 1.3 below (the "Company").

SECTION 1.2. NAME. The name of the Company shall be "Neoprobe - Peptor JV L.L.C."

SECTION 1.3. PURPOSE OF THE COMPANY.

(a) The Company will engage primarily in the Business. The Company may invest in short-term highly liquid investments providing for appropriate safety of principal (such as government obligations, certificates of deposit, money market fund investments, short-term debt obligations and interest-bearing accounts) pending investment of its funds, to provide liquid investments from which to meet expenses of the Company and contingencies and to hold funds pending distribution. Nothing in this Agreement shall be construed to establish any other purpose for the Company, or to constitute the parties as partners, joint venturers or limited liability company members for any other purpose.

(b) Each Member (acting on its own behalf) may, notwithstanding this Agreement, engage in whatever activities it chooses, whether the same are competitive with the Company or otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or any other Member and neither this Agreement nor any activity undertaken pursuant hereto shall prevent any member or its affiliates from engaging in such activities, or require any Member to permit the Company or any other Member to participate in any such activities and, as a material part of the consideration for the execution of this Agreement by each Member, each Member hereby waives, relinquishes and renounces any such right or claim of participation. Notwithstanding the foregoing, Peptor shall have no right to utilize, directly or indirectly, the Peptor Proprietary Proteins for use with the Neoprobe Technology or any similar derivative technology except pursuant to the provisions hereof.

SECTION 1.4. OFFICE; AGENT.

(a) The registered office of the Company in the State of Delaware shall be Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle.

(b) The principal office of the Company shall be maintained at 425 Metro Place North, Suite 400, Dublin, Ohio 43017-1367, or at such other place as may be selected by the Members from time to time. The Company may also have such other offices as may be determined by the Members from time to time.

(c) The Corporation Trust Company shall be the registered agent of the Company for service of process in the State of Delaware. Concurrently with the filing of the certificate of formation of the Company, a written appointment of an agent for service of process on the Company was filed. The Members may, from time to time, appoint one or more persons, each of whom is eligible to serve as an agent of a limited liability company for service of process under Delaware law, as the Company's agent for service of process in the State of Delaware to replace the existing agent or if the existing agent dies, resigns or removes himself from Delaware.

(d) The Members may designate the Company's agent for service of process in jurisdictions other than the State of Delaware. The Members will use their best efforts to designate the Corporation Trust Company or an affiliate thereof as its agent for service of process in all jurisdictions where such designation of an agent for service of process is made.

SECTION 1.5. TERM. The Company shall commence its business as of the effective date hereof and shall continue perpetually thereafter until it is dissolved pursuant to Article 12 below. However, no dissolution of the Company shall terminate this Agreement, which shall remain in full force and effect, subject to Section 12.1 below, until such time as the business of the Company has been wound-up, the assets of the Company have been liquidated, the liabilities of the Company have been fully paid, the rights and duties of the Members have been fully settled and all relevant statutes of limitation have expired.

SECTION 1.6. FURTHER DOCUMENTS. The parties hereto shall, from time to time, execute or cause to be executed all such certificates or other documents and do or cause to be done all such filing, recording, publishing or other acts as may be appropriate or necessary to comply with the requirements for the formation and operation of limited liability companies under the laws of the State of Delaware.

ARTICLE 2. CONDUCT OF THE BUSINESS.

SECTION 2.1. GENERAL. The Members hereby agree that the Business shall include taking such steps as are reasonably necessary to (a) conduct pre-clinical, pilot and Phase I clinical research regarding the diagnosis, therapy and intraoperative detection of cancerous tissue in accordance with the Neoprobe Technology using the Peptor Proprietary Proteins, (b) contract with Neoprobe to conduct Phase II or Phase III clinical trials in Israel or other locations, as the Members may mutually agree, and (c) establish manufacturing, packaging, distribution and marketing capabilities for any resulting technology or products through licensing or otherwise.

SECTION 2.2. OUTSIDE FUNDING. The Company shall develop, submit and pursue funding proposals with the Bird Foundation to support a portion of the Business. The Company may develop, submit and pursue additional funding proposals with other funding sources as the Members may mutually agree.

SECTION 2.3. AGREEMENTS. Promptly after the execution hereof, (a) Peptor shall cause Peptor Ltd., a company organized under the laws of Israel and the parent company of Peptor ("Peptor Parent"), to

enter into an exclusive, long-term supply agreement with the Company on terms no less favorable to the Company than the most favorable terms granted from time to time by Peptor Parent to its other customers (which such terms shall include the remuneration of Peptor Parent on a cost plus basis or some other basis acceptable to the parties) requiring the Company to purchase its requirements of

Peptor Proprietary Proteins exclusively from Peptor Parent and requiring Peptor Parent to use its best efforts to supply such quantities of Peptor Proprietary Proteins to the Company, (b) the Company shall enter into a long-term output agreement with Neoprobe requiring Neoprobe to purchase all of the Peptor Proprietary Proteins purchased by the Company from Peptor Parent at the Company's cost therefor, and (c) Neoprobe shall enter into a long-term output agreement with the Company on terms no less favorable to the Company than the most favorable terms granted from time to time by Neoprobe to its other customers requiring the Company to purchase and Neoprobe to sell all of the Peptor Proprietary Proteins radiolabeled by Neoprobe. Such agreements will provide for use of the Peptor Proprietary Proteins with respect to both research and commercial applications. Each such agreement shall contain customary provisions regarding the rights of the parties to enter into the agreement, confidentiality, indemnity and other matters.

SECTION 2.4. DEVELOPED TECHNOLOGY. Any invention (whether patentable or not), discovery, trade secret, proprietary information, or other intellectual property developed by or for the benefit of the Company (collectively, the "Developed Technology") shall be the exclusive property of the Company and not of any of the Members or any other person. The Company shall have the sole and exclusive right to commercially exploit the Developed Technology. Each Member shall take any and all action necessary or reasonably requested in order to vest in the Company all right, title and interest in, to and under the Developed Technology everywhere in the world and to waive any rights which such Member or any of its employees, agents or affiliates may have or claim therein. Specifically, but without limitation, each Member shall take any and all action necessary to cause any patents issuable with respect to any Developed Technology to be held in the name of the Company.

SECTION 2.5. OPERATING PLAN. The Members shall cause the Company to prepare, for the approval by the Members not later than 30 days prior to the end of each fiscal year, an annual business plan for the next fiscal year. Each annual business plan shall consist of (a) a budget showing in reasonable detail the projected revenues of the Company for the next fiscal year, all proposed expenses and capital expenditures to be made by the Company during the next fiscal year and the proposed level of and changes in the Company's capital, and (b) a strategic plan setting forth the Company's goals and objectives regarding the operation and growth of the Company's Business and a description of the methods for accomplishment of those goals and objectives. Any such business plan may also include such other information or matters necessary in order to inform the Members of the Company's affairs and to enable the Members to make an informed decision with respect to their approval of such business plan.

ARTICLE 3. DUTIES OF MEMBERS.

SECTION 3.1. DUTIES. Each Member shall:

(a) participate in the conduct of the affairs of the Company and devote reasonable time, energy, resources and ability thereto, but shall be required to devote only such time to the affairs of the Company as such Member determines, in its sole discretion, may be necessary to manage and operate the Company, and shall otherwise be free to serve any other person or enterprise in any capacity that it may deem appropriate in its discretion;

(b) render to the Company, on demand, true and full information of all things affecting the Company;

(c) forthwith deliver all money and other property received on account of the Business of the Company to the Company, and account to the Company for any benefit, and hold as trustee for it any profits derived by it from any transaction connected with the conduct of the Business of the Company or from any use by it of the Company's property, assets, employees or credit;

The obligations of the Members set forth in this Section 3.1 shall not be deemed to be obligations to make contributions to the Company.

SECTION 3.2. RESTRICTIONS. No Member may, directly or indirectly:

(a) use or suffer any other person to use anywhere in the world the Confidential Information, or any other properties, assets, employees or credit of the Company for any purpose other than the Business of the Company; nor

(b) commit or suffer any act to be done which would cause the Company to be subject to dissolution by any third party or by the operation of law.

ARTICLE 4. MANAGEMENT OF THE COMPANY.

SECTION 4.1. MANAGEMENT BY THE MEMBERS.

(a) Subject to Section 4.2 below, the Members shall have the power and authority to manage the business of the Company, including, but not limited to, the authority to cause the Company to:

- acquire and dispose of property;
- hire and discharge employees;
- enter into contracts;
- borrow money and give security therefor;
- confess a judgment;
- submit a Company claim or liability to arbitration or reference;
- prosecute or defend legal actions and proceedings to which the Company is a party; and
- delegate their authority to employees of the Company.

(b) Except as otherwise expressly provided in this Agreement, any difference arising as to ordinary matters connected with the Company business shall be decided by a majority in interest of the Members; but no act in contravention of this Agreement may be done rightfully without the consent of all of the Members. No such approval shall constitute a waiver of any right or remedy of the Company or any Member under this Agreement unless it complies with Section 13.3 below.

SECTION 4.2. LIMITATION. The authority granted to the Members under Section 4.1 above is subject to the limitation that unanimous consent of all of the Members is required in order to cause the Company to:

- merge or consolidate with any other limited liability company, partnership, corporation or other entity or person;
- assign the Company property in trust for creditors or on the assignee's promise to pay the debts of the Company;
- enter into a composition or arrangement with the creditors of the Company;
- file a pleading seeking relief as to the Company under the bankruptcy or insolvency laws or the dissolution or winding-up of the Company or admitting the material allegations of a pleading seeking such relief filed by another;
- give any guaranty, act as a surety for or assume the liabilities of any person;
- dispose of the goodwill of the business of the Company or of all or substantially all of the property or goodwill of the Company other than in the ordinary course of its business or by way of distributions to the Members; or
- do any other act, other than making distributions to the Members, which would make it impossible to carry on the ordinary business of the Company.

SECTION 4.3. CONSENT OF THE MEMBERS. Whenever this Agreement requires the approval, consent or vote of the Members for the taking of any action,

such approval, consent or vote shall be given in a writing, setting forth the

approval to be granted or action to be taken, which shall be signed by the Members. Such writing may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any Member may execute such writing by signing one or more counterparts thereof. In giving approvals or consents or voting, each Member may act in its own interest and shall have complete discretion as to such approvals, consents and votes. No approval, consent or vote given or made by any Member shall be invalid or wrongful by reason of any relationship among the Members.

SECTION 4.4. MEMBER REPRESENTATIVES.

(a) Wherever this Agreement requires or permits any action to be taken by the Members, the Members may act through individual representatives ("Member Representatives"). Each Member shall appoint, from time to time, up to three individuals to be its Member Representatives with respect to the operation and administration of the Company. If a Member appoints more than one Member Representative, it shall designate each such Member Representative as having authority for (i) managerial and administrative matters or (ii) operational and scientific matters. In addition, if a Member appoints more than one Member Representative, it shall designate one such Member Representative as its "Senior Representative" but if a Member has only one Member Representative, he shall be deemed to be the "Senior Representative".

(b) Each Member Representative so appointed shall serve until notice of his resignation or replacement is given by the appointing Member to all other Members. Any Member may rely conclusively on the actions or statements of a Member Representative as binding the appointing Member and shall have no obligation to inquire into the actual authority of the Member Representative to do so. The Member Representatives originally appointed by each Member are set forth on Schedule A hereof.

ARTICLE 5. ADMINISTRATION; RECORDS.

SECTION 5.1. RECORDS. The Company shall keep at its principal office determined under Section 1.4 above the following:

- a current list of the full names in alphabetical order and last known business or residence address of each Member;

- a copy of the Company's certificate of formation, all amendments thereto, and executed copies of any powers of attorney pursuant to which the certificate or the amendments have been executed;

- copies of this Agreement, all other written agreements among the Members as to the affairs of the Company and the conduct of its business, any amendment to any of the foregoing and executed copies of any powers of attorney pursuant to which such agreements or amendments have been executed;

- copies of the federal, state, and local income tax returns and reports of the Company, if any, for the three most recent years; and

- copies of the financial statements of the Company, if any, for the three most recent years.

SECTION 5.2. INFORMATION.

(a) Each Member has the right to obtain from the Company, from time to time and upon reasonable demand, for any purpose reasonably related to the Member's interest in the Company, all of the following:

- true and full information regarding the status of the business and financial condition of the Company;

- promptly after becoming available, a copy of the federal, state and local income tax returns of the Company, if any, for each year;

- a current list of the name and last known business, residence or mailing address of each Member;

- a copy of the certificate of formation, all amendments thereto, and any

written powers of attorney pursuant to which the certificate and the amendments have been executed;

- copies of this Agreement, all other written agreements among the Members as to the affairs of the Company and the conduct of its business, any amendment to any of the foregoing and the powers of attorney pursuant to which such agreements or amendments have been executed;

- true and full information regarding the date on which each Member became a Member and amount of cash, and a description and statement of the agreed value of any other property or services, contributed by each Member and which each Member has agreed to contribute in the future; and

- other information regarding the affairs of the Company as is just and reasonable.

(b) The Company may maintain its records in a form other than a written form if the form used is capable of conversion into written form within a reasonable time.

SECTION 5.3. CONFIDENTIALITY.

(a) The terms of this Agreement, all schedules referred to herein, and all of the financial and business records of the Company including all trade secrets, confidential knowledge, data or other proprietary information of the Company, which by way of illustration and not limitation, include scientific, technical and business information relating to products, processes, know-how, designs, formulas, methods, developmental or experimental work, firmware, software (whether executable or source code), improvements, discoveries, plans for research, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers, and information regarding the skills and compensation of other employees of the Company ("Confidential Information"), are sensitive, proprietary information, the disclosure of which could irreparably damage the Company. All Confidential Information shall be held in strictest confidence by the Members and by their agents.

(b) If any Member is confronted with a discovery request, or with a trial or deposition subpoena seeking Confidential Information, it shall promptly notify the Members thereof so that the need for a protective order or other appropriate remedy may be considered by the Company. The Member subject to the request or subpoena is also obligated to take all reasonable steps to protect the confidentiality of Confidential Information, including, if necessary, seeking a protective order explicitly limiting the persons who have access to such Information, and the manner under which it will be maintained, and seeking agreement that only that portion of the Confidential Information which is legally required will be disclosed.

SECTION 5.4. SECRETARY. The Members shall appoint a person, who need not be a Member, to be the secretary of the Company. The Secretary shall maintain the records required by Section 5.1 above and shall record and keep the minutes of all meetings of the Members or any committee thereof. The Secretary shall be the custodian of, and shall make or cause to be made the proper entries in, the minute book of the Company and such other books and records as the Members may direct. The Secretary shall have the power and authority to issue written certifications as to the identity and incumbency in any office under this Agreement or the certificate of formation of the Secretary, any Member or other manager or officer of the Company and as to the existence, authenticity and continued effect of the certificate of formation, any amendment thereto, the limited liability company agreement, any amendment thereto, any resolutions or actions of the Members or any committee thereof and any other document that he is required to maintain custody of under the certificate of formation, the limited liability company agreement or law. Any third party to whom such certification is delivered by the Secretary may rely on the statements therein conclusively, in the absence of

manifest error, and shall have no obligation to inquire beyond the contents thereof.

SECTION 5.5. ACCOUNTING MATTERS.

(a) The Members shall cause the Company to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company and shall devise and maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions have been and are executed in accordance with the general or specific authorization of the Members; (ii) transactions have been and are recorded as necessary (A) to permit preparation of financial statements in conformity with this Agreement, and (B) to maintain accountability for assets; (iii) access to assets has been and is permitted only in accordance with the general or specific authorization of the Members; and (iv) the recorded accountability for assets has been and is compared with the existing assets at reasonable intervals and appropriate action has been and is taken with respect to any difference.

(b) The Company shall use the accrual method of accounting. The financial statements of the Company shall be prepared in accordance with generally accepted accounting principals consistently applied ("GAAP") and the requirements of Regulation S-X promulgated by the Securities and Exchange Commission ("Regulation S-X"). If the requirements of Section 704 of the Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations thereunder require application of accounting principals which are different than GAAP, the requirements of Section 704 of the Code and the accompanying Treasury Regulations shall be followed to the extent required therein. If GAAP requires that the financial statements of the Company be consolidated with the financial statements of any portfolio company or other entity, then, in addition to consolidated financial statements, the Company shall also prepare and deliver to the Members, at the same time consolidated financial statements are delivered to the Members, financial statements showing the assets and transactions of the Company as an entity separate from any entity with which it is otherwise consolidated.

(c) The Members shall cause the Company to prepare and deliver the following financial statements and reports to the Members at the following times:

(i) As soon as practicable after the end of each fiscal year and in any event within 60 days after such fiscal year end, a balance sheet of the Company as of the end of such fiscal year and the end of the previous fiscal year and statements of operations, cash flows and changes in Company equity for such fiscal year and the two most recent previous fiscal years and a schedule showing the capital accounts at the beginning and the end of such fiscal year at the changes therein during such fiscal year, which statements shall be audited and reported on by an independent public accountant of recognized national standing in the United States selected by the Members. Coopers & Lybrand shall serve as the Company's independent public accountants unless and until the Members otherwise agree.

(ii) As soon as practicable after the end of the first, second and third quarterly accounting periods in each fiscal year of the Company, and in any event within 45 days after the end of each such quarter, a balance sheet of the Company as of the end of each such quarterly period and statements of operations and cash flow for such period and for the current fiscal year to date, prepared in accordance with GAAP and the requirements of Regulation S-X and setting forth in comparative form the figures for the corresponding periods of the previous fiscal year but such financial statements need not be audited nor contain the notes required by GAAP.

(d) In addition to the financial statements referred to in paragraph (c) of this Section 5.5 above, the Members shall cause the Company to supply all information necessary to enable each Member to prepare its federal income tax returns and such other information as each Member may reasonably request for the purpose of enabling it to comply with any reporting requirements imposed by any governmental body or officer.

(e) The fiscal year of the Company shall end on December 31 in each year or on such other date as may be determined by the Members which is

permissible under the Code and the Treasury Regulations.

(f) Neoprobe shall be primarily responsible for the accounting matters discussed in this Section unless and until the Members otherwise agree. The Company shall reimburse Neoprobe, promptly upon Neoprobe's request, for its out-of-pocket expenses incurred in connection with such matters.

SECTION 5.6. FEDERAL TAX MATTERS. Neoprobe is hereby designated as the Tax Matters Partner for the Company as such term is defined in Section 6231 of the Code. The Tax Matters Partner shall keep the other Members informed of all tax issues relating to the Company and all actions taken by the Tax Matters Partner and, whenever feasible, shall consult with the other Members about such issues in advance of taking such actions. In dealing with tax issues on behalf of the Company, the Tax Matters Partner shall give consideration to the best interest of all Members to the extent these are known to the Tax Matters Partner. The Tax Matters Partner may in its sole discretion make or revoke the elections referred to in Section 754 of the Code or any corresponding provisions of state tax laws. All other options or elections under the Code relating to the Company shall be exercised or made by the Tax Matters Partner. Each of the Members will supply the information necessary to properly give effect to such elections upon request of the Tax Matters Partner.

ARTICLE 6. FINANCIAL MATTERS.

SECTION 6.1. INITIAL CAPITAL CONTRIBUTION. The Members have contributed to the capital of the Company the money or property listed on Schedule A. If property has been contributed, its fair market value is listed on Schedule A. All capital contributions of the Members shall be credited to the Member's capital accounts maintained by the Company in accordance with this Article 6.

SECTION 6.2. ADDITIONAL CAPITAL CONTRIBUTIONS. Members shall make additional capital contributions from time to time in such amounts as are required by the then-current budget prepared and approved in accordance with Section 2.5 hereof.

SECTION 6.3. PRIORITY AND RETURN OF CAPITAL. Except as expressly set forth in this Agreement, no Member shall have priority over any other Member, either as to the return of capital contributions or as to profits, losses or distributions; provided, however, that this Section shall not apply to advances or loans that a Member has made to the Company. No Member shall demand or receive a return of, nor any interest, salary or other return with respect to, its capital contributions, capital account or for services rendered on behalf of the Company or otherwise in its capacity as a Member, except as specifically set forth in this Agreement or except with respect to loans made to the Company. If a return is required of or with respect to any capital contributions, capital account, services rendered or otherwise, no Member shall have the right to receive property other than cash except as may be specifically provided herein.

SECTION 6.4. MAINTENANCE OF CAPITAL ACCOUNTS. A capital account shall be maintained by the Company for each Member in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv).

SECTION 6.5. ALLOCATION OF PROFITS AND LOSSES.

(a) For purposes of this Agreement, "Profits" and "Losses" mean amounts equal to the Company's taxable income or loss, respectively, for any period from all sources, determined in accordance with Code Section 703(a), adjusted as follows: (i) the income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition shall be added to such taxable income or loss; and (ii) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as described in such section pursuant to Regulation Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be subtracted from such taxable income or loss.

(b) Profits shall be allocated to the Members as follows:

(i) first, to those Members who have deficit balances in their capital accounts, pro rata in proportion to such deficit balances, until such deficit

balances have been eliminated and the balances in their capital accounts have been restored to zero; and

(ii) thereafter, in proportion to the capital account balances of all Members immediately preceding such allocation.

(c) All Losses shall be allocated to the Members in proportion to the capital account balances of all Members immediately preceding such allocation.

(d) If any Member's capital account would have a deficit balance as a result of an allocation of Losses pursuant to Section 6.5(c), such Losses shall instead be reallocated to Members who have positive capital account balances (in proportion to such balances) and any Losses remaining after the capital accounts of all Members have been reduced to zero shall be allocated to the Members in equal portions.

(e) The allocation of Profits and Losses to any Members shall be deemed to be an allocation to the Member of the same proportionate part of each separate item of taxable income, gain, loss, deduction or credit which comprises such Profits and Losses.

(f) Notwithstanding any provision of this Agreement to the contrary, each Member's capital account shall be maintained and adjusted in accordance with the Code, including (i) the adjustments permitted or required by Code Section 704(b) and, to the extent applicable, the principles expressed in Code Section 704(c) and the regulations promulgated thereunder, and (ii) adjustments required to maintain capital accounts in accordance with the "substantial economic effect test" set forth in the regulations promulgated under Code Section 704(b).

SECTION 6.6. DISTRIBUTIONS. Distributions shall be made (a) only upon unanimous consent of the Members and (b) to each Member first in an amount necessary to equalize the capital account balances of all Members and then in proportion to that Member's positive capital account balance to all such positive balances.

SECTION 6.7. INTERIM CLOSING OF THE BOOKS. If (a) a new Member is admitted into the Company, (b) a Member transfers its interest in the Company, or (c) a Member's interest in the Company is redeemed, there will be an interim closing of the books of the Company as of the end of the month next preceding the date of the applicable event, and the income and loss of the Company shall then be allocated among the Members as of the end of the month next preceding the date of the applicable event, and for the period commencing after such date and ending on the last day of the Company's fiscal year, as these respective interests shall exist.

ARTICLE 7. LIABILITY; INDEMNIFICATION.

SECTION 7.1. LIABILITY. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, are solely the debts, obligations and liabilities of the Company, and no Member will be obligated personally for any such debt, obligation or liability of the Company nor will any Member be personally liable to pay or satisfy any judgment, decree or order of a court against the Company solely by reason of being a member of the Company. Except as otherwise expressly provided in this Agreement, no Member shall have any obligation to make any capital contribution to the Company and no Member shall be obligated to repay to the Company or any other Member any deficit in his capital account arising at any time during the existence of the Company. No Member shall be obligated to repay to the Company, or to any other Member, any deficit in his capital account arising upon the dissolution and liquidation of the Company.

SECTION 7.2. INDEMNIFICATION. The Company shall indemnify any Member, former Member, or agent, employee or affiliate of any of them who was or is a party or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the Company, by reason of the fact that he is or was a Member, or is or was serving at the request of the Company as a manager, member, director, trustee, officer, employee, or agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorney's fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such

action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

SECTION 7.3. EXPENSES. To the extent that an indemnified person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 7.2 above, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses, including attorney's fees, actually and reasonably incurred by him in connection with the action, suit, or proceeding.

SECTION 7.4. METHOD. Any indemnification under Section 7.2 hereof, shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the indemnified person is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 7.2 hereof. Such determination may be by a majority in interest vote of a quorum consisting of Members who were not and are not parties to or threatened with any such action, suit, or proceedings; or by the court of common pleas or the court in which such action, suit, or proceeding was brought.

SECTION 7.5. NOT EXCLUSIVE. The indemnification authorized by this Article 7 shall not be exclusive of, and shall be in addition to, any other rights granted to those seeking indemnification under this Agreement or any other agreement, vote of the Members, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

SECTION 7.6. DEFINITIONS.

(a) As used in this Article 7, references to the "Company" includes Neoprobe-Peptor JV L.L.C. and all constituent limited liability companies in a consolidation or merger and the new or surviving limited liability company, so that any person who is or was a member, manager, director, officer, employee, or agent of such a constituent limited liability company, or is or was serving at the request of such constituent limited liability company as a member, manager, director, trustee, officer, employee, or agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under this Article with respect to the new or surviving limited liability company as he would if he had served the new or surviving limited liability company in the same capacity.

(b) For the purposes of this Article 7 and to assure indemnification under this provision of all such persons who are or were "fiduciaries" of an employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA"), an "other enterprise" shall be deemed to include an employee benefit plan; the Company shall be deemed to have requested a person to serve an employee benefit plan where the performance by such person or his duties to the Company also imposes duties on, or otherwise involves services by, such person to the plan or participants or beneficiaries of the plan; excise taxes assessed on a person with respect to an employee benefit plan pursuant to ERISA shall be deemed "fines"; and action taken or omitted by a person with respect to an employee benefit plan in the performance of such person's duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Company.

SECTION 7.7. INSURANCE. The Company may purchase and maintain insurance for its benefit, the benefit of any individual who is entitled to indemnification under this Article 7, or both, against any liability asserted against or incurred by such individual in any capacity or arising out of such individual's service with the Company, whether or not the Com-

pany would have the power to indemnify such individual against such liability.

ARTICLE 8. MEMBER ADMISSION AND WITHDRAWAL.

SECTION 8.1. ADMISSION. Upon the unanimous consent of the Members, a person may be admitted as a new Member provided that it executes and delivers to the Company a written instrument acknowledging that it has received and read a copy of this Agreement and that it agrees to be bound by the terms hereof; whereupon such person shall be deemed to be a Member for all of the purposes of this Agreement.

SECTION 8.2. WITHDRAWAL. If a Member:

(a) gives written notice to the other Members of its resignation from the Company; provided that such notice may be given only:

(i) at any time after the date that is five years after the date hereof,

(ii) during the continuance of an Event of Deadlock,

(iii) at any time within 90 days after the Bird Foundation notifies the Company that it will not supply the funding anticipated by Section 2.2 hereof,

(iv) at any time within 90 days after the termination of either of the Neoprobe output agreements anticipated by Section 2.3(b) or (c) hereof with respect to a notice given by Peptor, or

(v) the failure of the issuance of or the revocation of any patents for the Peptor Proprietary Proteins or the breach of the terms, or termination, of the license agreement between Peptor Parent and the Company referenced in Section 2.3(a) with respect to a notice given by Neoprobe;

(b) assigns its interest in the Company pursuant to Article 9 below or attempts to assign such interest in violation of such provisions;

(c) or, with respect to Peptor, if the Peptor Parent (i) makes an assignment for the benefit of creditors; (ii) files a voluntary petition in bankruptcy; (iii) is adjudicated a bankrupt or insolvent or has entered against it an order for relief in any bankruptcy or insolvency proceeding; (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law, or regulation; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature; or (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the Member or of all or any substantial part of its properties;

(d) or, with respect to Peptor, if the Peptor Parent is subject to any proceeding seeking its reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, which proceeding has not been dismissed within 120 days after its commencement, or a trustee, receiver, or liquidator of the Member or of all or any substantial part of its properties, is appointed without its consent or acquiescence and the appointment is not vacated or stayed within 90 days, or within 90 days after the expiration of any such stay, the appointment is not vacated;

(e) who is an individual, (i) dies, or (ii) is adjudicated incompetent to manage his person or his estate by a court of competent jurisdiction;

(f) who is acting as a Member by virtue of being a trustee of a trust, suffers the termination of the trust (but not merely the substitution of a new trustee);

(g) that is a separate limited liability company, suffers the dissolution and commencement of winding up of the separate company;

(h) that is a corporation or, with respect to Peptor, if the Peptor Parent, (i) files a certificate of dissolution, or its equivalent, or (ii) suffers the revocation of its charter and 90 days pass after the date of notice to the corporation or revocation without a reinstatement of its charter;

(i) that is an estate, suffers the distribution by the fiduciary of the estate's entire interest in the Company; or

(j)(i) fails to make a required capital contribution under Section 6.2 within 90 days after a notice of demand is made therefor by a Member who has previously made such required capital contribution and (ii) thereafter is notified by the contributing Member of the contributing Member's decision to exercise its rights to remove the non-contributing Member under this Section;

it shall cease to be a Member (and may be referred to thereafter as a "Withdrawing Member") and may not thereafter participate or interfere in the management or control of the Company; its interest in the Company shall be immediately converted into an economic interest; it shall thereafter have only an economic interest in the Company as set forth herein, and it shall not be entitled to receive any payment or distribution from the Company other than those that are due in respect of its economic interest. The events described in clauses (a) through (j) of this Section 8.2 may be referred to herein as "Events of Withdrawal".

SECTION 8.3. OPTION ON EVENT OF WITHDRAWAL.

(a) Notwithstanding the provisions of Section 8.2, upon an Event of Withdrawal, any Member not subject to such Event of Withdrawal shall have the option to purchase or cause its designee to purchase the interest in the Company of the Withdrawing Member. Such option shall be exercisable by notice to the Withdrawing Member given within 90 days after the date of the Event of Withdrawal which notice shall specify a date for the closing of such purchase. The closing will be held at 10:00 a.m. local time at the main offices of the Company on the date specified in the election notice.

(b) At the closing, the purchaser shall deliver to the Withdrawing Member a wire transfer or certified or bank check drawn on a reputable bank in an amount equal to the capital account balance of the Withdrawing Member as of the last day of the month first preceding the Withdrawal Event and the Withdrawing Member shall deliver or cause to be delivered evidence of the assignment of its interest in the Company to the purchaser, free and clear of all liens or other adverse claims.

(c) Upon the closing, the Withdrawing Member shall be released from all obligations arising under this Agreement which relate to periods or circumstances occurring after the date of the closing other than obligations arising under Sections 2.4, 3.1 (b) and (c), 3.2, 5.3 and 13 hereof.

ARTICLE 9. ASSIGNMENT OF COMPANY INTERESTS.

SECTION 9.1. ASSIGNMENT. The term "assign" and all grammatical versions thereof (e.g. assignment, assigned, etc.) include, but are not limited to, every mode, direct or indirect, absolute or conditional, voluntary or involuntary, by action of law or otherwise, of conveying, transferring or encumbering an interest in the Company; such as sale, gift, grant of a security interest or entry of a charging order or the foreclosure thereof. Any merger or consolidation of or sale or other transfer of the voting securities of a corporate Member shall be deemed to be an assignment of such corporate Member's interest in the Company, if the effect thereof is to cause a change in control of such corporate Member. For this purpose, change in control of any corporate Member means (a) the acquisition by any person (defined for the purposes of this definition to mean any person within the meaning of Section 13(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), other than such Member or an employee benefit plan created by the Board of Directors of such Member for the benefit of its employees, either directly or indirectly, of the beneficial ownership (determined under Rule 13d-3 of the regulations promulgated by the Securities and Exchange Commission under Section 13(d) of the Exchange Act) of securities issued by such Member having 20% or more of the voting power of all the voting securities issued by such Member in the election of directors at the next meeting of the holders of voting securities to be held for such purpose; (b) the election of a majority of the directors elected at any meeting of the holders of voting securities of such Member who are persons who were not nominated for such election by the Board of Directors of such Member or a duly constituted committee of such Board of Directors having authority in such matters; (c) the approval by the stockholders of such Member of a merger or consoli-

dation with another person, other than a merger or consoli dation in which the holders of such Member's voting securities issued and outstanding immediately before such merger or consolidation continue to hold voting securities in the surviving or resulting corporation (in the same relative proportions to each other as existed before such event) comprising 80% or more of the voting power for all purposes of the surviving or resulting corporation; or (d) the approval by the stockholders of such Member of a transfer of substantially all of the assets of such Member to another person other than a transfer to a transferee, 80% or more of the voting power of which is owned or controlled by such Member or by the holders of such Member's voting securities issued and outstanding immediately before such transfer in the same relative proportions to each other as existed before such event.

SECTION 9.2. PROHIBITION. A Member's interest in the Company may not be assigned in whole or in part without the prior written consent of each of the Members. Such consent may be withheld by any of the Members, in their discretion which shall not be limited by any concept of fiduciary duty, for any reason or no reason at all. No consent to an assignment of a Member's interest is a consent to any subsequent assignment thereof. Any purported assignment of an interest in the Company not permitted by this Section 9.2 is null and void and of no effect whatsoever.

SECTION 9.3. EFFECT OF ASSIGNMENT. An assignment of an interest in the Company that is permitted under Section 9.2 above does not dissolve the Company or entitle the assignee to become or exercise any rights of a Member. An assignment of an interest in the Company that is permitted under Section 9.2 above merely entitles the assignee to receive, to the extent assigned, those distributions to which the assignor would be entitled under this Agreement at the times and in the amounts determined under this Agreement and subject to any conditions, defenses or setoffs that would have applied to the assignor had such assignment not been made. A Member ceases to be a Member upon assignment of all of its interest in the Company. Even though an assignment of an interest in the Company has been consented to under Section 9.2, above, such consent is not sufficient to admit the assignee as a Member and no assignee shall be admitted as a Member unless and until it is so admitted under the provisions of Section 8.1, above. In such event, such newly admitted Member shall succeed to the capital account of its predecessor in interest (or a proportionate share of such interest if its assignor assigned less than all of its interest in the Company).

SECTION 9.4. CONTINUING OBLIGATIONS OF ASSIGNOR. Even though an assignment is permitted under Section 9.2 above, the assignor shall not be discharged or relieved from any liability or obligation that it may have to the Company hereunder or under applicable law, including, but not limited to, the liability to return unlawful distributions to the Company, by reason of such assignment whether or not the assignee has agreed to assume any such liabilities or obligations or is admitted to the Company as a Member, unless and until they are duly paid or performed or the Company has delivered a writing to the assignor expressly releasing it from such obligations and liabilities.

ARTICLE 10. CROSS-PURCHASE OPTION.

SECTION 10.1. GENERAL. Upon the occurrence of an Event of Deadlock (as defined in Section 10.2), any Member (the "Initiator") shall have the right to compel a sale or purchase of all, but not less than all, of the interests in the Company then held by the other Member (the "Recipient"), on the following terms and conditions:

(a) The Initiator shall give notice (the "First Notice") to the Recipient of the Initiator's intention to trigger this Section 10.1, which notice shall also set forth a price per dollar of capital account balance as of the last day of the month first preceding the date of the First Notice (the "Specified Price") at which the Initiator is willing to sell its Company interest to the Recipient or buy the Recipient's Company interest.

(b) Within 30 days after delivery of the First Notice, the Recipient shall deliver a notice (the "Second Notice") to the Initiator of its decision to either purchase the Initiator's Company interest or sell its own Company interests to the Initiator at the Specified Price and specifying a date for the closing of such transaction (which must be a regular business day not later than 60 days from the date of the

Second Notice). Failure of the Recipient to timely deliver the Second Notice shall give the Initiator the right to determine whether to sell its Company interest or to purchase the Recipient's Company interests at the Specified Price.

(c) The closing will be held at 10:00 a.m. local time at the main offices of the Company on the date specified in the Second Notice (or, if no Second Notice is timely given, the date specified by the Initiator by notice to the Recipient). At the closing, the purchasing party shall deliver to the selling party a wire transfer or certified or bank check drawn on a reputable bank in an amount equal to the Specified Price and the selling party shall deliver or cause to be delivered evidence of the assignment of its Company interest to the purchasing party, free and clear of all liens or other adverse claims.

(d) Upon the closing, the selling party shall be released from all obligations arising under this Agreement which relate to periods or circumstances occurring after the date of the closing other than obligations arising under Sections 2.4, 3.1(b) and (c), 3.2, 5.3 and 13 hereof.

SECTION 10.2. EVENT OF DEADLOCK. For the purposes of this Agreement, an "Event of Deadlock" shall be deemed to have occurred if:

(a) any party to this Agreement files any pleading in any action or proceeding which requests the dissolution, liquidation or reorganization of the Company or the appointment of a custodian or a receiver for its business or properties or which alleges that the Members are deadlocked; or

(b) the business of the Company is suffering or is threatened with irreparable injury because the Members are so divided respecting the management of the affairs of the Company that the required vote for action by the Members cannot be obtained after mediation has been resorted to in compliance with Section 10.3.

SECTION 10.3. MEDIATION. If any dispute arises out of or relates to the operation, dissolution or winding up of the Company and such dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the matter by (a) face to face discussions between their respective Senior Representatives and, if such discussions are not successful, by (b) mediation under the Commercial Mediation Rules of the American Arbitration Association before resorting to the exercise of the cross-purchase option set forth in this Article 10. The mediator shall be experienced in the bio-technology industry. Any mediation shall be conducted in the English language in the City, County and State of New York. All proceedings before, or information or documents submitted to, any mediator hereunder shall be Confidential Information subject to Section 5.3 above, and shall be held in the strictest confidence by the parties, the mediator and any attorneys participating in the mediation.

ARTICLE 11. MEMBERS' REPRESENTATIONS. Each Member, by its execution of a counterpart of this Agreement, hereby represents and warrants to the Company and each other Member as follows:

SECTION 11.1. TRANSFER RESTRICTIONS. The Member will not offer for sale, sell or otherwise transfer any interest in the Company unless such interest has been registered under the Securities Act of 1933 (the "Act") and under applicable state securities laws or such interest or its offer, sale or transfer is exempt from such registration and the Company has received an opinion of counsel, in form and substance reasonably satisfactory to the Members, to the effect that such interest in the Company or its offer, sale or transfer is so exempt. Any certificate representing any interest in the Company that may be issued shall bear the following legend in larger or other contrasting type or color:

> These securities have not been registered under the Securities Act of 1933. These securities may not be offered for sale, sold or otherwise transferred unless they are registered under the Securities Act of 1933 or they or such offer, sale or transfer are exempt from such registration and the Company has received an opinion of counsel reasonably satisfactory to the Company in form and substance, to that effect.

The provisions of this Section 11.1 are entirely subordinate to the provisions of Article 9 above concerning assignments and they do not create any right to sell or transfer any interest in the Company nor do

they create any right to receive, nor any obligation of the Company to issue, any certificate representing any interest in the Company. Neither the Company nor any Member may issue any certificate purporting to represent, evidence or transfer any interest in the Company.

SECTION 11.2. CONSENTS, ETC. No consent, license, approval or authorization of any governmental body, authority, bureau or agency is required on the part of such Member or any of its affiliates in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated herein.

SECTION 11.3. INVESTMENT INTENT, INFORMATION. The Member is acquiring its interest for investment and does not have the present intention of reselling or distributing any of its interest. The Member has no contract, undertaking, agreement or arrangement with any person to sell or transfer any of said interest, and the Member has no present plan to enter into any such contract, undertaking, agreement or arrangement. The Member presently does not anticipate any future sale or other disposition of any of its interest, upon the occurrence or non-occurrence of any pre-determined event or circumstance. The Member is aware of the kind of information that would be available in a registration statement under the Act. The Member has had access to the same kind of information about the Company that would be available in such a registration statement and to additional information necessary to verify the accuracy of such information. The Member has such knowledge and experience in financial and business matters as to be able to evaluate the merits and risks of this investment and to bear the economic risks of this investment. The Member understands and acknowledges that (a) no market may exist for the resale of the interests, (b) it is purchasing for investment and not for the distribution of the interests, and (c) it is aware of all restrictions imposed by the Company on the further distribution of the interests. The Member understands that the issuance of the interests has not been registered under the Act in reliance upon the exemption contained in Section 4(2) thereof, and that, therefore, the Company is relying to a material extent upon the representations, warranties and agreements set forth in this Agreement.

SECTION 11.4. DUE ORGANIZATION. If the Member is not a natural person, that such Member is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Such Member has full power and authority to own its property and to carry on its business as now conducted. Such Member is duly licensed or qualified to do business and is in good standing in each of the jurisdictions in which the failure to be so licensed or qualified would have a material adverse effect on its financial condition or its ability to perform its obligations hereunder.

SECTION 11.5. AUTHORITY. Such Member has full competence, power and authority to execute and deliver this Agreement and to carry out its obligations hereunder in accordance with the terms and provisions hereof. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate or other action on the part of each Member not a natural person. This Agreement constitutes the valid and legally binding obligation of such Member, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization and other similar laws now or hereafter in effect relating to creditors' rights generally.

SECTION 11.6. NO CONFLICTS. The execution, delivery and performance by such Member of this Agreement and the transactions contemplated hereby will not constitute a breach of any term or provision of, or a default under (a) any outstanding indenture, mortgage, loan agreement or other contract or agreement to which such Member or any of its affiliates is a party or by which it or any of its affiliates or its or their property is bound, (b) its certificate or articles of incorporation or bylaws or other constituent documents, to the extent applicable, (c) any law, rule or regulation having applicability to it or any of its affiliates or (d) any order, writ, judgment or decree having applicability to it or any of its affiliates.

SECTION 11.7. INTELLECTUAL PROPERTY. Each Member has the valid and

enforceable right to utilize the intellectual property subject to this Agreement (i.e. the Peptor Proprietary Proteins with respect to

Peptor and the Neoprobe Technology with respect to Neoprobe) as anticipated hereby, free and clear of any and all claims of any third parties other than claims arising under valid, written licenses for the benefit of the applicable Member, true and correct copies of which have been furnished to the other Member and to the Company.

ARTICLE 12. AMENDMENT; DISSOLUTION; LIQUIDATION.

SECTION 12.1. AMENDMENT. The certificate of formation of the Company may be amended only by a resolution approved unanimously by the Members. This Agreement may be amended or terminated only by a resolution approved unanimously by the Members that is reduced to writing and signed by each of the Members. No purported oral amendment or termination of this Agreement or the certificate of formation shall be effective. No amendment of this Agreement or the certificate of formation shall reduce any Member's capital account other than by payment to the Member or losses incurred by the Company unless it is agreed to in a writing signed by the Member.

SECTION 12.2. DISSOLUTION. The Company shall be dissolved only upon the occurrence of any of the following events:

(a) the written consent of all Members adopting a resolution that the Company is dissolved; or

(b) an Event of Withdrawal occurs with respect to a Member unless the remaining Members holding a majority of the capital accounts and rights to receive allocations of Profit hereunder consent to the continuation of the Company within 90 days following the Event of Withdrawal; or

(c) the entry of a decree of judicial dissolution under applicable law.

SECTION 12.3. WINDING-UP. After the dissolution of the Company, the remaining Members who have not suffered an Event of Withdrawal may wind up the affairs of the Company or select a liquidating trustee to wind up the affairs of the Company and may, in the name of and on behalf of the Company which shall continue in existence until the winding up of its affairs is completed, do any of the following:

- continue the business of the Company in order to maximize its value as a going concern for eventual sale;

- collect the assets of the Company and gradually settle and close its business;

- dispose of and convey the property of the Company that will not be distributed in kind to its Members;

- discharge or make reasonable provision for the liabilities of the Company;

- prepare and file any tax returns or other governmental reports required in connection with such winding up;

- distribute to the Members any remaining assets of the Company;

- prosecute and defend suits, whether civil, criminal or administrative, and

- do every other act necessary to wind up and liquidate the business and affairs of the Company.

SECTION 12.4. DISTRIBUTION OF ASSETS. If the Company is winding up its affairs and liquidating its assets, it shall pay or make reasonable provision to pay all claims and obligations (other than claims of and obligations to Members or former Members for distributions of their capital accounts), including all contingent, conditional, or unmatured claims and obligations that are known to the Company and all claims and obligations that are known to the Company but with respect to which the claimant or obligee is unknown. If there are

sufficient assets, the claims and obligations (other than claims of and obligations to Members or former Members for distributions or their capital accounts) shall be paid in full or any provision to pay them shall be made in full. If there are insufficient assets, the claims and obligations shall be paid or provided for according to their priority, and claims and obligations of equal priority shall be paid ratably to the extent of the as-

sets available for their payment. Any remaining assets shall be used to distribute to the Members, the remaining balances of their capital accounts on a pro-rata basis.

SECTION 12.5. TREATMENT OF DEVELOPED TECHNOLOGY. Upon dissolution of the Company all Developed Technology shall, automatically and without further action by any person, be deemed to be assigned to the Members to be held jointly by them. Thereafter, each Member shall have the right to commercially exploit the Developed Technology. Each Member shall take, or shall cause the Company to take, any and all action necessary or reasonably requested in order to vest jointly in each Member all right, title and interest in, to and under the Developed Technology everywhere in the world and to waive any rights which the Company or any of its employees, agents or affiliates may have or claim therein. Specifically, but without limitation, each Member shall take any and all action necessary to cause any patents issued or issuable with respect to any Developed Technology to be held jointly in the names of the Members.

ARTICLE 13. MISCELLANEOUS.

SECTION 13.1. THIS AGREEMENT. This Agreement, the schedules and exhibits hereto and the agreements and instruments required to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the subject matter hereof and supersede and discharge all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter and negotiations. There are no oral conditions precedent to the effectiveness of this Agreement.

SECTION 13.2. NON-WAIVER. Neither the failure of nor any delay by any party to this Agreement to enforce any right hereunder or to demand compliance with its terms is a waiver of any right hereunder. No action taken pursuant to this Agreement on one or more occasions is a waiver of any right hereunder or constitutes a course of dealing that modifies this Agreement.

SECTION 13.3. WAIVERS. No waiver of any right or remedy under this Agreement shall be binding on any Member unless it is in writing and is signed by the Member to be charged or on the Company unless it is approved by two-thirds in interest of the Members, is in writing and is signed by an authorized representative of the Company. No such waiver of any right or remedy under any term of this Agreement shall in any event be deemed to apply to any subsequent default under the same or any other term contained herein.

SECTION 13.4. SEVERABILITY. The terms of this Agreement are severable and the invalidity of all or any part of any term of this Agreement shall not render invalid the remainder of this Agreement or the remainder of such term. If any term of this Agreement is so broad as to be unenforceable, such term shall be interpreted to be only so broad as is enforceable.

SECTION 13.5. SUCCESSORS. The terms of this Agreement shall be binding upon and inure to the benefit of the Members, their respective successors and assigns and the Company and its successors and assigns.

SECTION 13.6. THIRD PARTIES. Nothing herein expressed or implied is intended or shall be construed to give any person other than the parties hereto and their successors, assigns, heirs or personal representatives, any rights or remedies under this Agreement.

SECTION 13.7. SATURDAYS, SUNDAYS AND HOLIDAYS. Where this Agreement authorizes or requires a payment or performance on a Saturday, Sunday or public holiday, such payment or performance shall be deemed to be timely if made on the next succeeding business day.

SECTION 13.8. RULES OF CONSTRUCTION. In this Agreement, unless the context otherwise requires, words in the singular number include the plural, and in the plural include the singular; and words of the masculine gender include the

feminine and the neuter, and when the sense so indicates words of the neuter gender may refer to any gender. The names of the parties, the date and the preamble first above written are part of this Agreement. In this

Agreement, the word "or" is disjunctive but not exclusive. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit or describe the scope or intent of the provisions of this Agreement.

SECTION 13.9. COUNTERPARTS. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing one or more counterparts.

SECTION 13.10. GOVERNING LAW. The validity, terms, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware that are applicable to agreements negotiated, executed, delivered and performed solely in the State of Delaware.

SECTION 13.11. ARBITRATION. Any disputes, controversies or claims arising out of or relating to the formation, operation, dissolution or winding up of the Company (including, without limitation, matters related to employee benefit plans sponsored by the Company) or the negotiation, execution, delivery, performance or breach of this Agreement shall be settled by arbitration conducted in the English language in the City, County and State of New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. If the amount claimed or disputed in such arbitration is equal to or more than $100,000, it shall be conducted before a panel of three arbitrators. The arbitrators shall award to the prevailing party, if any, as determined by the arbitrators, all of such prevailing party's costs and fees. Such costs and fees shall include all reasonable pre-award expenses related to the arbitration, including arbitrator's fees, administrative fees, mediation expenses, travel expenses, out-of-pocket expenses such as copying and telephone, court costs, witness fees and attorneys' fees. All proceedings before, or evidence or documents submitted to, any arbitrator hereunder shall be Confidential Information subject to Section 5.3 above, and shall be held in the strictest confidence by the parties, the arbitrators and any attorneys participating therein. Mediation as anticipated by Section 10.3 hereof shall not be a condition precedent to the submission of a dispute to arbitration hereunder.

SECTION 13.12. NOTICES. Any notice required or desired to be given to any Member or to the Company shall be in writing and shall be personally delivered or sent by (a) United States first-class certified mail, postage pre-paid, return receipt requested; (b) private courier service utilizing a return receipt or similar written proof of delivery; (c) electronic mail, telecopier, facsimile transmission, telex or telegraph, provided that any notice sent by any method described in this clause (c) shall be confirmed by either of the methods described in clauses (a) and (b). All notices to the Company shall be addressed to the Company at its address set forth in Section 1.4(b) hereof and all notices to a Member addressed to the Member at the address set forth in the Company's records or to such other address as the Company or the Member may previously have specified at least 10 days in advance by like notice. All notices shall be deemed given upon receipt, except that notice sent by the method described in clause (a) shall be deemed given upon the date delivery is made or refused, as evidenced by the return receipt.

S I G N A T U R E S:

NEOPROBE CORPORATION	PEPTOR CORP.
BY: /s/ David C. Bupp	BY: Yoram Karmon
David C. Bupp, President	Its: President

SCHEDULE A

<TABLE>
<CAPTION>

MEMBER NAME	MEMBER ADDRESS	MEMBER REPRESENTATIVES	INITIAL CAPITAL
<S>	<C>	<C>	
Neoprobe Corporation	425 Metro Place North Suite 400 Dublin, Ohio 43017	David C. Bupp, representative for managerial and administrative matters and Senior Representative William A. Eisenhardt, representative for operational and scientific matters	$1,000
Peptor Corp.	Kiryat Weizmann Rehovot 76326 ISRAEL	Dr. Yoram Karmon	$1,000

</TABLE>

Exhibit 10.3.40

SUBSCRIPTION AND OPTION AGREEMENT

March 14, 1996

NEOPROBE CORPORATION, a Delaware corporation ("Neoprobe"),

CIRA TECHNOLOGIES INC., a Delaware corporation ("Cira") and

Each of the individual stockholders of Cira who has signed this Agreement (the "Stockholders")

hereby agree as follows:

PREAMBLE:

1. Cira has developed data, discoveries, inventions, and other new technology for the treatment of chronic infectious and/or autoimmune disease in humans which involves the mitogenic stimulation of cytokine-secreting cells derived from lymph nodes excised from chronically-infected and/or autoimmune disease-affected human patients and the preparation of a therapeutic agent which then is administered to the infected patients, and data, know-how, processes, and procedures connected therewith (the "Technology") and Neoprobe wants to evaluate the Technology to enable Neoprobe to develop and market products involving employment of the Technology.

2. Neoprobe and Cira have entered into a Technology Option Agreement of even date herewith (the "Technology Agreement") under which Neoprobe will provide financial, clinical and technical support to Cira and The Ohio State University Research Foundation to allow them to conduct a Phase I clinical evaluation of the Technology.

TERMS:

ARTICLE 1. SUBSCRIPTION.

SECTION 1.1. PURCHASED SHARES. Subject to the terms and conditions of this Agreement, Neoprobe hereby subscribes for and agrees to purchase 78 shares of Common Stock ("Purchased Shares") for and in consideration of the purchase price of One Dollar ($1.00) per share and Cira hereby issues and sells such shares to Neoprobe free and clear of all liens, encumbrances and adverse claims (other than restrictions on transfer under this Agreement and applicable federal and state securities laws or those that are imposed by or through Neoprobe) and acknowledges receipt of payment therefor. Simultaneously with the execution and delivery of this Agreement, Cira has delivered a valid and genuine stock certificate representing the Purchased Shares to Neoprobe.

ARTICLE 2. OPTION.

SECTION 2.1. THE OPTION. On the terms and subject to the conditions set forth in this Article 2, Neoprobe shall have the right, exercisable at its sole option, but shall not be obligated, to purchase shares of Common Stock from Cira. This right may be referred to herein as the "Option." The time during which the Option may be exercised by Neoprobe (the "Option Term") is determined under Section 2.2 below and the method of exercising the Option is set forth in Section 2.3 below. The number of shares of Common Stock that Cira must issue to Neoprobe upon its exercise of the Option (the "Option Shares") is determined under Section 2.4 below. The amount of money that Neoprobe must pay to Cira as consideration for the issuance of the Option Shares (the "Exercise Price"), which will be based on the value of Cira before the exercise of the Option (the "Pre - Money Value"), is determined under Section 2.5 below.

SECTION 2.2. OPTION TERM. The Option may be exercised by Neoprobe at any time during a ninety (90) day period, the first day of which will be the day after the day on which the final report of the investment banker that establishes the Pre-Money Value is delivered to Neoprobe or if the matter is submitted to arbitration the day when the order confirming the award of the arbitrators is entered. At the earlier of the close of business on (a) the ninetieth day of the Option Term or (b) the twenty-first anniversary of the date hereof, the Option will expire. If the Option Term has not begun before the twenty-first anniversary of the date hereof, the provisions of this Article 2 shall terminate and be of no further force or effect.

SECTION 2.3. METHOD.

(a) Neoprobe may exercise the Option by delivering a notice of exercise to Cira together with the consideration constituting the Exercise Price in the form of a certified or cashiers' check for the amount thereof payable to the order of Cira or by wire transfer to a bank account designated by Cira. The delivery of the notice of exercise shall be deemed to be a reaffirmation by Neoprobe, as of the date thereof, of the representations, warranties and covenants set forth in Article 4 of this Agreement.

(b) The Option shall be deemed to have been exercised at the time the notice of exercise is delivered to Cira together with full payment as provided above, and Neoprobe shall be treated for all purposes as the holder of record of the Option Shares at and after such time. As promptly as practicable on or after such date, Cira, at its expense, shall issue a certificate representing the Option Shares to Neoprobe. Neoprobe shall neither be entitled to vote nor receive dividends nor be deemed to be a holder of the Option Shares until the Option has been exercised as provided in this Article 2.

(c) No fractional shares of Common Stock shall be issued upon the exercise of the Option.

SECTION 2.4. NUMBER. The number of shares of Common Stock that will constitute the Option Shares will be that number of shares of Common Stock which when added to the Purchased Shares will give Neoprobe ownership of twenty five percent (25%) of the total number of fully diluted shares of Common Stock outstanding on the date that the Option is exercised as provided in Section 2.3 above, rounded up to the next highest integral number, if such number is not itself an integer. Such number shall be reduced by the number of shares of Common Stock which have been offered to Neoprobe pursuant to Section 5.1 that Neoprobe has declined to purchase, but such number shall not be reduced to less than fifteen percent (15%) of the total number of fully diluted shares of Common Stock outstanding on the date that the Option is exercised rounded up to the next highest integral number, if such number is not itself an integer. For the purpose of determining the total number of fully diluted shares of Common Stock outstanding on the date that the Option is exercised, all securities that are convertible into or exchangeable for Common Stock shall be deemed to have been fully converted into or exchanged for Common Stock, all options (other than the Option), warrants and rights to purchase Common Stock or securities that are convertible into or exchangeable for Common Stock shall be deemed to have been fully exercised and all agreements or contracts to issue or sell Common Stock shall be deemed to have been fully completed.

SECTION 2.5. EXERCISE PRICE.

(a) The Exercise Price for the Option shall be fifteen percent (15%) of the Pre-Money Value. Subject to the qualification that if the Pre-Money Value is less than Thirteen Million Dollars ($13,000,000), the Exercise Price will be One Million Nine Hundred Fifty Thousand Dollars ($1,950,000) and if the Pre-Money Value is more than Thirty Million Dollars ($30,000,000), the Exercise Price will be Four Million Five Hundred Thousand Dollars ($4,500,000).

(b) The Pre-Money Value is the fair market value of all of the Common Stock and all securities convertible into or exchangeable for Common Stock and all options, warrants and rights to purchase Common Stock or securities that are convertible into

or exchangeable for Common Stock, assuming that all such securities were purchased by a single buyer in a single transaction on the earlier of (i) the third anniversary of the execution of a license of technology by Cira to

Neoprobe under the Technology Agreement or (ii) the commencement of a pivotal clinical trial study with the approval of the United States Food and Drug Administration for the Technology. The earlier of such dates may be referred to herein as the "Valuation Date."

(c) Whenever the Valuation Date occurs, Cira shall give Neoprobe prompt written notice thereof. Promptly after the receipt of such notice, Neoprobe shall appoint an investment banker of recognized national standing who has experience in the valuation of biotechnology companies to determine the Pre-Money Value and provide its written report thereof to Neoprobe and Cira. Such appointment shall be subject to the reasonable approval of Cira. The investment banker may not be a beneficial owner of five percent (5%) or more of any class of the equity securities of Cira or Neoprobe, nor may any partner or member in, nor officer, director or employee of such investment banker be a director or officer of Cira or Neoprobe. The investment banker must agree to accept the appointment subject to the terms of this Section 2.5 in writing. Neoprobe and Cira shall each pay a moiety of the investment banker's fee for making such determination and be responsible for its indemnification in equal shares. Cira shall cooperate fully with such investment banker and provide it with all material documents and full and true information concerning Cira, its business and properties.

(d) The investment banker shall provide draft copies of its written report of its determination of the Pre-Money Value to both Cira and Neoprobe at the same time. If the investment banker is able to resolve the comments of both Cira and Neoprobe to such report, it shall deliver a final report to Neoprobe and to Cira and the Option Term shall commence. If the investment banker is unable to resolve such comments within a reasonable time after it submitted the draft report, it shall promptly notify Neoprobe and Cira of its inability and Neoprobe or Cira may submit the determination of the Pre-Money Value to arbitration pursuant to Section 10.16 below.

SECTION 2.6. RESERVATION OF STOCK. Cira covenants that, from the date hereof until the end of the Option Term, Cira will reserve from its authorized and unissued Common Stock or Common Stock held in treasury a sufficient number of shares to provide for the issuance of Common Stock upon the exercise of the Option. Cira further covenants that all shares that may be issued upon the exercise of the Option, upon the exercise of the Option and payment of the Exercise Price, all as set forth herein, will be duly authorized, validly issued, fully paid, non-assessable, free and clear of all liens, encumbrances and adverse claims (other than restrictions on transfer under this Agreement and applicable federal and state securities laws or those that are imposed by or through Neoprobe) and free from all taxes in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein). Cira agrees that its execution and delivery of this Agreement shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock upon the exercise of the Option.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF CIRA. Cira hereby represents and warrants to Neoprobe as follows:

SECTION 3.1. ORGANIZATION AND STANDING. Cira is a corporation that was duly organized, and is validly existing and in good standing under the laws of the State of Delaware. Cira has all requisite corporate power to own and operate its properties and assets, to carry on its business as presently conducted, to execute and deliver this Agreement, to sell and issue the Purchased Shares and the Option Shares hereunder and to carry out and perform its obligations under the terms of this Agreement.

SECTION 3.2. AUTHORIZATION. All corporate action on the part of Cira, its directors and stockholders necessary to authorize the execution and delivery of this Agreement, the performance of Cira's obligations hereunder and the sale and issuance of the Purchased Shares and the Option Shares has been duly taken. This Agreement has been duly executed and delivered by Cira and is a valid and legally binding obligation of Cira, which is enforceable against Cira in accordance with its

terms. The execution and delivery of this Agreement by Cira, the performance of its obligations hereunder and the sale and issuance of the Purchased Shares and the Option Shares will not violate any law applicable to Cira or its Certificate

of Incorporation or By-laws or breach or be a default under (with or without the giving of notice or the lapse of time) any material contract, agreement or instrument to which Cira is a party. The Option Shares and the Purchased Shares have been duly authorized and, when issued and paid for in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable and free and clear of all liens, encumbrances and adverse claims other than restrictions on transfer under this Agreement and applicable federal and state securities laws or those that are imposed by or through Neoprobe.

SECTION 3.3. NO REGISTRATION REQUIREMENT. Subject to the truth and accuracy of the representations of Neoprobe set forth in Article 4 of this Agreement, the offer, sale and issuance of the Purchased Shares and the Option Shares as contemplated by this Agreement are exempt from the registration and prospectus delivery requirements of Section 5 of the Securities Act, and neither Cira nor any person acting on its behalf will take any action hereafter that would cause the loss of such exemption.

SECTION 3.4. DISCLOSURE. No representation or warranty by Cira contained in this Agreement, nor any other statement or certificate furnished or to be furnished to Neoprobe pursuant hereto or in connection with the transactions contemplated hereby by Cira contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF NEOPROBE. Neoprobe hereby represents and warrants to Cira as follows:

SECTION 4.1. PRIVATE OFFERING. Neoprobe understands that the Purchased Shares have not been, and the Option Shares will not be, registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of the Purchased Shares hereunder is, and the issuance of the Option Shares will be, exempt from registration under the Securities Act pursuant to Section 4(2) thereof, that Cira's reliance on such exemption is predicated on Neoprobe's representations set forth herein and that in order to obtain such exemption, the transfer of such Option Shares and the Purchased Shares is restricted by Section 4.2 of this Agreement and the legend required by Section 4.2 of this Agreement.

SECTION 4.2. TRANSFER RESTRICTIONS. Neoprobe will not offer for sale, sell or otherwise transfer any of the Purchased Shares nor any of the Option Shares, unless such shares have been registered under the Securities Act and under applicable state securities laws or such shares or their offer, sale or transfer are exempt from such registration and Cira has received an opinion of counsel, in form and substance reasonably satisfactory to Cira, to the effect that such shares or their offer, sale or transfer are so exempt. Any certificate representing the Purchased Shares or any of the Option Shares shall bear the following legend in larger or other contrasting type or color:

> These securities have not been registered under the Securities Act of 1933. These securities may not be offered for sale, sold or otherwise transferred unless they are registered under the Securities Act of 1933 or they or such offer, sale or transfer are exempt from such registration and the Issuer has received an opinion of counsel reasonably satisfactory to the Issuer in form and substance, to that effect.
>
> The transfer of these shares is restricted by the terms of a Subscription and Option Agreement among the Corporation and its Stockholders dated March 14, 1996. Except as provided in such Agreement, these Shares may not be given, sold, pledged or otherwise transferred. The Corporation will mail to the Stockholder a copy of such Agreement without charge within five days after receipt of written request therefor.

SECTION 4.3. INVESTMENT INTENT. Neoprobe is purchasing the Purchased Shares and will purchase the Option Shares for Neoprobe's own account and

not for other persons and for investment and not with a view to the distribution of any of the Purchased Shares or any of the Option Shares.

SECTION 4.4. INFORMATION. Neoprobe has had an opportunity to ask questions and receive answers from Cira regarding the terms and conditions of the offering

of Common Stock hereunder and the business, properties, financial condition and prospects of Cira and to obtain additional information (to the extent Cira possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to Neoprobe.

SECTION 4.5. ADVERTISING. Neoprobe is neither purchasing the Purchased Shares nor the Option Shares as a result of or subsequent to (a) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio or (b) any seminar or meeting whose attendees, including Neoprobe, had been invited by any general advertising or general solicitation.

SECTION 4.6. INVESTOR SOPHISTICATION; SUITABILITY. Neoprobe has such knowledge and experience in financial and business matters that Neoprobe is capable of evaluating the merits and risks of investment in the Purchased Shares or the Option Shares. Neoprobe has determined that the Purchased Shares are, and the Option Shares will be a suitable investment for Neoprobe and that Neoprobe could bear the complete loss of Neoprobe's investment in the Purchased Shares or the Option Shares.

SECTION 4.7. ACCREDITED INVESTOR. Neoprobe is an "accredited investor" within the meaning of Rule 501(a) of Regulation D as promulgated under the Securities Act.

SECTION 4.8. CAPACITY; ENFORCEABILITY. Neoprobe is a corporation that was duly organized, and is validly existing and in good standing under the laws of the State of Delaware. Neoprobe has all requisite corporate power to execute and deliver this Agreement, to purchase the Purchased Shares and the Option Shares hereunder and to carry out and perform its obligations under the terms of this Agreement. All corporate action on the part of Neoprobe, its directors and stockholders necessary to authorize the execution and delivery of this Agreement and the performance of Neoprobe's obligations hereunder has been duly taken. This Agreement has been duly executed and delivered by Neoprobe and is a valid and legally binding obligation of Neoprobe, which is enforceable against Neoprobe in accordance with its terms.

SECTION 4.9. INDEMNIFICATION. Neoprobe shall indemnify Cira, each of its directors and officers, each legal counsel and independent accountant of Cira and each person who controls Cira (within the meaning of the Securities Act), against any and all claims, losses and liabilities (and actions and proceedings in respect thereof) arising out of or related to any breach of any warranty or agreement made by Neoprobe in this Article 4 or any misrepresentation of Neoprobe contained herein and will reimburse Cira, such directors, officers, persons or control persons for any legal or any other expense reasonably incurred in connection with investigating or defending any such claim, loss, liability, action or proceeding.

ARTICLE 5. CERTAIN RIGHTS OF NEOPROBE.

SECTION 5.1. NEW SECURITIES.

(a) Cira hereby grants to Neoprobe the right of first refusal to purchase a pro rata share of New Securities (as defined in this Section 5.1) which Cira may, from time to time, propose to offer and sell. For purposes of this right of first refusal, Neoprobe's pro rata share is the ratio of the number of shares of Common Stock owned by Neoprobe immediately prior to the issuance of New Securities to the total number of fully diluted Common Stock outstanding immediately before the issuance of New Securities. For the purpose of determining the total number of fully diluted Common Stock outstanding immediately before the issuance of New Securities, all securities that are convertible into or exchangeable for Common Stock shall be deemed to have been fully converted into or exchanged for Common Stock, all options (other than the Option), warrants and rights to purchase Common Stock or securities that are convertible into or exchangeable

for Common Stock shall be deemed to have been fully exercised and all agreements or contracts to issue or sell Common Stock shall be deemed to have been fully completed.

(b) If Cira proposes to offer and sell New Securities, it shall notify

Neoprobe of the terms of such offering and shall provide Neoprobe with copies of all documents concerning such offering. If Neoprobe determines to participate in the offering, it may do so on the same terms and subject to the same conditions as all other participants in the offering and Cira shall accept Neoprobe's subscription for New Securities and allocate a sufficient number thereof to Neoprobe in accordance with paragraph (a) of this Section 5.1. As long as Neoprobe is capable of making representations of the type found in Sections 4.6 and 4.7 above, Cira shall not impose any condition on any offering of New Securities that would exclude Neoprobe from participation.

(c) "New Securities" means any capital stock (including Common Stock) of Cira whether now authorized or not, and rights, options or warrants to purchase such capital stock, and securities of any type that are, or may become, convertible into capital stock; provided that the term "New Securities" does not include (i) securities issued upon exercise of the Option; (ii) securities issued as consideration for the acquisition of another business entity or business division of any such entity by Cira by merger, purchase of substantially all the assets or other reorganization whereby Cira will own more than fifty percent (50%) of the voting power of such business entity or business segment of any such entity; (iii) any borrowings, direct or indirect, from financial institutions or other persons by Cira, whether or not presently authorized, including any type of loan or payment evidenced by any type of debt instrument, provided such borrowings do not have any equity features including warrants, options or other rights to purchase capital stock and are not convertible into capital stock of Cira; (iv) securities issued to employees, officers or directors of Cira pursuant to any stock option, stock purchase or stock bonus plan, agreement or arrangement approved by the board of directors; (v) securities issued in connection with any recapitalization of Cira; nor (vi) any right, option or warrant to acquire any security convertible into the securities excluded from the definition of New Securities pursuant to clauses (i) through (v) above.

SECTION 5.2. SIZE OF THE BOARD. The parties hereto shall use their best efforts to ensure that the Certificate of Incorporation and By-laws of Cira provide that the board of directors of Cira shall be not less than three (3) nor more than seven (7) directors. Immediately after the date hereof, the parties shall use their best effort to ensure the board of directors of Cira shall consist of three (3) directors.

SECTION 5.3. NOMINATIONS. From the date hereof until such time, if ever, as Neoprobe may have exercised the Option, it shall have the right to nominate one (1) director. From such time, if ever, as Neoprobe may have exercised the Option, it shall have the right to nominate two (2) directors. The parties hereto shall vote any shares of Common Stock or other voting securities of Cira that they have the power to vote for the election of the persons so nominated and shall not vote such securities for the election of any person whose election would prevent the election of the persons nominated by Neoprobe. No party to this Agreement may vote any shares of Common Stock or other voting securities of Cira owned by any of them for the removal of a director nominated by Neoprobe without the prior written consent of Neoprobe. If a director nominated by Neoprobe dies, resigns or is removed, only Neoprobe may nominate his successor. Each committee of the board of directors that has three (3) or fewer members shall include at least one (1) director who was nominated by Neoprobe and each committee that has more than three (3) members shall include all directors nominated by Neoprobe.

SECTION 5.4. TERMINATION. The provisions of this Article 5 shall terminate when (a) the Common Stock of Cira has been registered and sold in a firm-commitment underwriting after the date hereof or (b) the Option has either been exercised or expired and the Common Stock owned by Neoprobe constitute less than five percent (5%) of the then outstanding Common Stock; whichever is later.

ARTICLE 6. REGISTRATION RIGHTS.

SECTION 6.1. CERTAIN DEFINITIONS.

(a) "Registrable Securities" means the Purchased Shares and the Option Shares and any shares of Common Stock issued in respect thereof in any recapitalization, provided, however, that Registrable Securities shall not include any shares of Common Stock which have previously been registered and sold or which have been sold to the public under Rule 144.

(b) "Registration" means a registration effected by preparing and filing a registration statement in compliance with the Securities Act and the ordering of the effectiveness of such registration statement.

SECTION 6.2. PIGGY-BACK REGISTRATION.

(a) If Cira determines to register any of its securities either for its own account or the account of securityholders exercising their respective contractual registration rights, other than a registration relating solely to employee benefit plans, a Rule 145 transaction or an exchange offer, or a registration on any registration form that does not permit secondary sales, Cira shall promptly give written notice thereof to Neoprobe, and use its best efforts to include in such registration (and any related qualification under blue sky laws or other compliance), except as set forth in paragraph (b) of this Section 6.2, and in any underwriting involved therein, all the Registrable Securities specified in a written request, made by Neoprobe within twenty (20) days after the written notice from Cira is given. Such written request may specify all or a part of Neoprobe's Registrable Securities.

(b) If the registration of which Cira gives notice is for a registered public offering involving an underwriting, Cira shall so advise Neoprobe as a part of the written notice given pursuant to paragraph (a) of this Section 6.2. In such event, the right of Neoprobe to participate in such registration pursuant to this Section 6.2 shall be conditioned upon Neoprobe's participation in such underwriting and the inclusion of Neoprobe's Registrable Securities in the underwriting to the extent provided herein. Neoprobe shall (together with Cira and the other holders of securities of Cira with contractual registration rights to participate therein distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriters selected by Cira.

(c) Notwithstanding any other provision of this Section 6.2, if the representative of the underwriters advises Cira in writing that marketing factors require a limitation on the number of shares to be underwritten, the representative may (subject to the limitations set forth below) exclude all Registrable Securities from, or limit the number of Registrable Securities to be included in, the registration and underwriting. Cira shall so advise all holders of securities requesting registration, and the number of shares or securities that are entitled to be included in the registration and underwriting shall be allocated first to Cira for securities being sold for its own account and thereafter among selling stockholders on a pro-rata basis according to their total holdings. If any person does not agree to the terms of any such underwriting, he shall be excluded therefrom by written notice from Cira or the underwriter. If shares are so withdrawn from the registration and if the number of shares of Registrable Securities to be included in such registration was previously reduced as a result of marketing factors, Cira shall then offer (subject to the availability of a reasonable amount of time to make such offer before the commencement of a distribution) to all persons who have retained the right to include securities in the registration the right to include additional securities in the registration in an aggregate amount equal to the number of shares so withdrawn, with such shares to be allocated among the persons requesting inclusion on a pro rata basis according to their total holdings.

SECTION 6.3. REGISTRATION PROCEDURES. In the case of any registration by Cira under this Article 6 in which Neoprobe participates, Cira shall keep Neoprobe advised in writing as to the initiation of each such registration and the completion thereof; and Cira shall use its best efforts to:

(a) Keep such registration effective for a period of one hundred twenty (120) days or until Neoprobe has completed the distribution described in

the registration statement relating thereto, whichever occurs sooner; provided, however, that (i) such one hundred twenty (120)-day period shall be extended for a period of time equal to the period Neoprobe refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities) of Cira; and (ii) in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, such one hundred twenty (120)-day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities under such registration statement;

(c) Furnish such number of prospectuses and other documents incident thereto, including any amendment of or supplement to the prospectus, as Neoprobe may reasonably request from time to time;

(d) Notify each seller of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing, and at the request of any such seller, prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such shares; such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing; and

(e) Cause all such Registrable Securities registered pursuant thereunder to be listed on each securities exchange on which securities issued by Cira and of the same class are then listed;

(f) Provide a transfer agent and registrar for all Registrable Securities registered pursuant to such registration statement and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(g) Comply with all applicable rules and regulations of the Commission, and make available to its securityholders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first month after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act.

SECTION 6.4. INFORMATION BY NEOPROBE. If Registrable Securities are being registered pursuant to Section 6.2 above, Neoprobe shall furnish to Cira such information regarding Neoprobe and the distribution proposed by it as Cira may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification, or compliance referred to in this Article 6.

SECTION 6.5. EXPENSES OF REGISTRATION. All expenses incurred by Cira in complying with this Article 6 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for Cira, blue sky fees and expenses, and the expense of any special audits incident to or required by any such registration shall be borne by Cira and all underwriting discounts and selling commissions applicable to the sale of the Registrable Securities shall be borne by Neoprobe.

SECTION 6.6. INDEMNIFICATION.

(a) Cira shall indemnify Neoprobe, each of its officers, directors, stockholders and legal counsel, and each person who controls (within the meaning of the Securities Act) Neoprobe against any and all claims, losses and liabilities (and actions and proceedings in respect thereof) arising out of or

based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement filed pursuant to Section 6.2, any prospectus issued thereunder, or any amendment thereof based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, or (ii) any violation by Cira of any federal or state law, rule or regulation applicable to Cira in connection with

any such registration, and will reimburse Neoprobe, each of its officers, directors, stockholders and legal counsel, and each person who controls Neoprobe, for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, liability, action or proceeding, as incurred, provided that Cira will not be liable in any such case to the extent that any such claim, loss, liability, action or proceeding arises out of or is based on any untrue statement or omission based upon information furnished to Cira by Neoprobe in writing pursuant to Section 6.4 above.

(b) If Option Shares and the Purchased Shares held by Neoprobe are included in a registration statement filed pursuant to Section 6.2, Neoprobe shall indemnify Cira, each of its directors and officers, each legal counsel and independent accountant of Cira, each underwriter, if any, of Cira's securities covered by such a registration statement, each person who controls Cira or such underwriter (within the meaning of the Securities Act), against any and all claims, losses and liabilities (and actions and proceedings in respect thereof) arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, any prospectus issued thereunder, or any amendment thereof, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, or (ii) breach of the covenant set forth in Section 6.8 below and will reimburse Cira, such directors, officers, counsel, accountants underwriters or control persons for any legal or any other expense reasonably incurred in connection with investigating or defending any such claim, loss, liability, action or proceeding, as incurred, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus or other document in reliance upon and in conformity with information furnished to Cira by Neoprobe in writing pursuant to Section 6.4 above.

(c) Each party entitled to indemnification under this Section 6.6 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has received written notice of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld). The Indemnified Party may participate in such defense at such party's expense; provided, however, that the Indemnifying Party shall bear the expense of such defense of the Indemnified Party if representation of both parties by the same counsel would be inappropriate due to actual or potential conflicts of interest. The failure of any Indemnified Party to give notice as provided herein shall relieve the Indemnifying Party of its obligations under this Section 6.6 only to the extent that such failure to give notice shall materially adversely prejudice the Indemnifying Party in the defense of any such claim or any such litigation. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

(d) If the indemnification provided for in this Section 6.6 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage, or expense referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of

such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties'

relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

SECTION 6.7. "LOCK-UP" AGREEMENT. If requested by an underwriter of Common Stock, Neoprobe will not sell or otherwise transfer or dispose of any Common Stock held by Neoprobe (other than those included in the registration) during a period of up to one hundred eighty (180) days following the effective date of a registration statement; provided that all persons having contractual registration rights and all officers and directors of Cira enter into similar agreements. The obligations described in this Section 6.7 shall not apply to a registration relating solely to employee benefit plans, Rule 145 transactions or exchange offers. Cira may impose stop-transfer instructions with respect to the securities subject to the foregoing restriction until the end of the applicable period.

SECTION 6.8. RULE 10b-6. Neoprobe hereby covenants and agrees with Cira that, for so long as any of the Option Shares and the Purchased Shares are saleable under a registration statement filed pursuant to this Article 6, Neoprobe shall not purchase any Common Stock in a transaction that would violate Commission Rule 10b-6.

SECTION 6.9. TERMINATION OF REGISTRATION RIGHTS. The right of Neoprobe to request inclusion in any registration pursuant to Section 6.2 above, shall terminate when, (a) all Registrable Securities held by Neoprobe may be sold by it under Rule 144(k), (b) the Common Stock (including all Registrable Securities) are listed on the New York or American Stock Exchange or the Nasdaq National Market and (c) all transfer restrictions on the Registrable Securities held by Neoprobe and any legends concerning such restrictions on certificates representing such stock have been removed.

ARTICLE 7. COVENANTS OF CIRA. From the date hereof until such time as (a) the Common Stock of Cira has been registered and sold in a firm-commitment underwriting after the date hereof or (b) the Option has either been exercised or expired and the Common Stock owned by Neoprobe constitute less than five percent (5%) of the then outstanding Common Stock; whichever is later, and unless Neoprobe otherwise consents, Cira will perform and observe the following covenants:

SECTION 7.1. BASIC FINANCIAL INFORMATION. Cira will furnish the following reports to Neoprobe:

(a) As soon as practicable after the end of each fiscal year of Cira, and in any event within ninety (90) days thereafter, a consolidated balance sheet of Cira and its subsidiaries, if any, as at the end of such fiscal year, and consolidated statements of operations, cash flow and changes in equity of Cira and its subsidiaries, if any, for such year, prepared in accordance with GAAP consistently applied and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and audited and reported on by independent public accountants of recognized national standing selected by Cira, accompanied by a Cira prepared comparison to Cira's financial plan and budget for such year adopted under Section 7.2(b) below.

(b) As soon as practicable after the end of the first, second, and third quarterly accounting periods in each fiscal year of Cira, and in any event within forty-five (45) days thereafter, a consolidated balance sheet of Cira and its subsidiaries, if any, as of the end of each such quarterly period, and

consolidated statements of operations and cash flow of Cira and its subsidiaries for such period and for the current fiscal year to date, prepared in accordance with GAAP consistently applied and setting forth in comparative form the figures for the corresponding periods of the previous fiscal year and to Cira's operating plan then in effect and approved by its board of directors, subject to changes resulting from normal year-end audit adjustments, all in reasonable detail and certified by the principal financial or accounting officer of Cira, accompanied by a comparison of such statements to Cira's financial plan and

budget for such period except that such financial statements need not contain the notes required by generally accepted accounting principles.

(c) From the date Cira becomes subject to the reporting requirements of the Exchange Act, and in lieu of the financial information required pursuant to Sections 7.1(a) and (b), copies of its annual reports on Form 10-K and all exhibits thereto and its quarterly reports on Form 10-Q, respectively.

(d) As soon as practicable after the end of each month and in any event within twenty (20) days thereafter a consolidated balance sheet of Cira and its subsidiaries, if any, as of the end of such month and consolidated statements of operations and cash flow of Cira and its subsidiaries, for each month and for the current fiscal year of Cira to date, all subject to normal year-end audit adjustments, prepared in accordance with generally accepted accounting principles consistently applied, together with a comparison of such statements to the corresponding periods of the prior fiscal year and to Cira's then effective financial plan and budget.

(e) As soon as practicable after transmission or occurrence and in any event within ten (10) days thereof, copies of any reports or communications delivered to any class of Cira's securityholders or broadly to the financial community, including any filings by Cira with any securities exchange, the Commission or the National Association of Securities Dealers.

SECTION 7.2. ADDITIONAL INFORMATION AND RIGHTS.

(a) Cira will permit a representative of Neoprobe to visit and inspect any of the properties of Cira, including its books of account and other records (and make copies thereof and take extracts therefrom), and to discuss its affairs, finances and accounts with Cira's officers and its independent public accountants, all upon reasonable notice at such reasonable times and as often as any such person may reasonably request. Cira shall provide to Neoprobe such other information and data with respect to Cira and its subsidiaries as Neoprobe may from time to time reasonably request.

(b) Annually and at least sixty (60) days before the beginning of each fiscal year of Cira, Cira shall prepare a financial plan and budget, which shall be approved by the board of directors of Cira (provided that the approving majority includes one director who was nominated by Neoprobe), which financial plan and budget shall include a projection of operations and cash flows for such fiscal year, a projected balance sheet as of the end of such fiscal year and a detailed list of proposed capital expenditures during such fiscal year. Any material changes in such business plan and budget shall be approved by the board of directors of Cira (provided that the approving majority includes one director who was nominated by Neoprobe), which approval shall be required before such changes take effect unless they are not under the control of Cira. Cira shall provide copies of the annual financial plan and budget and any changes thereto to Neoprobe promptly after they are approved by the board of directors.

(c) Cira shall provide Neoprobe with (i) a report from Cira on its compliance with the terms and conditions of this Agreement and any other agreement pursuant to which Cira has borrowed money or sold its securities within ninety (90) days after the end of each fiscal year and (ii) a copy of the annual management review letter of Cira's independent public accountants, as soon as practicable after the end of each fiscal year and in any event within one hundred twenty (120) days thereafter.

(d) The provisions of Section 7.1 and this Section 7.2 shall not limit any rights which Neoprobe may have to inspect and copy the books and records of Cira and its subsidiaries, to inspect their properties or discuss their affairs and finances, under the laws of the jurisdictions in which they are incorporated.

(e) Neoprobe hereby agrees to hold in confidence and not use for its own benefit nor disclose any confidential information provided pursuant to Section 7.1 or this Section 7.2. Information that is provided to any news media or that is otherwise publicly available shall not be deemed to be confidential.

SECTION 7.3. INDEPENDENT ACCOUNTANTS. Cira will retain an independent public accountant who will audit and report on Cira's financial statements at the end of each fiscal year. If the services of the independent public

accountants so selected, or any firm of independent public accountants hereafter employed by Cira, are terminated, Cira will promptly notify Neoprobe and will request the firm of independent public accountants whose services are terminated to deliver to Neoprobe a letter from such firm setting forth the reasons for the termination of their services. In its notice to Neoprobe, Cira shall state whether the change of accountants was recommended or approved by the board of directors of Cira or any committee thereof. In the event of such termination, Cira will promptly thereafter engage another firm of independent public accountants reasonably acceptable to Neoprobe.

SECTION 7.4. ACCOUNTS AND RECORDS. Cira shall make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of Cira, its subsidiaries and their employee benefit plans; and shall devise and maintain a system of internal accounting controls sufficient to provide reasonable assurance that (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions have been and are recorded as necessary (i) to permit preparation of financial statements in conformity with GAAP, and (ii) to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action has been and is taken with respect to any differences.

SECTION 7.5. CORPORATE EXISTENCE. Cira shall maintain in full force and effect its corporate existence, rights and franchises and those of its subsidiaries. Cira shall hold its annual meeting of stockholders as provided in its regulations.

SECTION 7.6. MAINTENANCE OF PROPERTIES. Cira shall and shall cause each of its subsidiaries to maintain their respective properties in good repair, working order and condition, reasonable wear and tear excepted, and from time to time make all needed and proper repairs and replacements thereof and additions and improvements thereto.

SECTION 7.7. INSURANCE. Cira shall maintain insurance with respect to the properties and businesses of Cira and its subsidiaries against loss, damage or liability of the kinds and in the amounts required by law or customarily insured against by prudent business persons engaged in similar businesses and similarly situated.

SECTION 7.8. PAYMENT OF TAXES, ETC. Cira shall and shall cause each of its subsidiaries to promptly pay and discharge (a) all taxes imposed upon it or upon any of its properties, (b) all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar persons for labor, materials, supplies and rentals, which if unpaid, might become a lien upon its properties, and (c) any debt incurred by it before or after the date of this Agreement when due; provided, however, that Cira and its subsidiaries shall not be required to pay any of the foregoing if (i) the amount or validity thereof is being contested in good faith by appropriate proceedings, (ii) Cira has provided for on its books, in accordance with GAAP, adequate reserves or provisions with respect thereto and (C) such non-payment does not have a material adverse effect on Cira or its subsidiaries.

SECTION 7.9. COMPLIANCE WITH LAWS. Cira shall and shall cause each of its subsidiaries to comply with all laws, orders of a tribunal or governmental

permits relating to the conduct of their businesses or to their properties or assets.

SECTION 7.10. PERFORMANCE OF CONTRACTS. Cira shall and shall cause each of its subsidiaries to comply with each material provision of all of their respective contracts if the breach of such provision would have a material adverse effect on Cira or any of its subsidiaries.

SECTION 7.11. NATURE OF THE BUSINESS. Cira shall not change the general character of the business conducted by it and its subsidiaries on the date hereof, nor engage in any type of business not reasonably related to such business.

SECTION 7.12. ISSUANCE OF STOCK. Cira shall not sell or issue any Common Stock or any other debt or equity securities in any offering except pursuant to plans or transactions approved by a majority of the board of directors that includes at least one director who was nominated by Neoprobe.

SECTION 7.13. DIVIDENDS ON OR REDEMPTION OF SECURITIES. Except for (a) purchases of Common Stock from employees of Cira pursuant to restricted stock agreements, buy-back agreements, or similar arrangements, and (c) dividends paid to Cira by a wholly-owned subsidiary of Cira, neither Cira nor any of its subsidiaries shall declare or pay any dividend or make any other distribution with respect to any of its capital stock, or purchase, redeem, or otherwise acquire for a valuable consideration any of their securities.

SECTION 7.14. DEBT. Cira shall not incur any debt in excess of the amount of debt projected under Cira's then current financial plan and budget approved under Section 7.2(b) above, other than in transactions approved by a majority of the board of directors that includes at least one director who was nominated by Neoprobe or trade credit incurred in the ordinary course of business. Compliance with the covenant set forth in this Section 7.14 shall be determined as of the end of each month.

SECTION 7.15. LOANS, ADVANCES AND INVESTMENTS.

(a) Cira shall not and shall cause its subsidiaries to not (i) acquire, hold or purchase any stock, bond, note or other security of any person in the nature of an investment, (ii) make any loan, advance or capital contribution to any person, (iii) become a general partner in any partnership or a member in any joint venture, (iv) assume, guarantee, endorse or otherwise become liable for the debts or obligations of any other person (except for the endorsements of negotiable instruments for deposit or collection in the regular course of business or guaranties by Cira of obligations of Cira's wholly-owned subsidiaries, and guaranties by a subsidiary of obligations of Cira), nor (v) enter into contracts relating to commodity futures, financial futures, or similar investments.

(b) Notwithstanding the provisions of Section 7.15(a) above, Cira may purchase without limitation (i) certificates of deposit of the banks that are insured by the Federal Deposit Insurance Corporation, (ii) securities issued by the United States of America or any agency or instrumentality thereof or (iii) commercial paper having a maturity of two hundred seventy (270) days or less that has an investment grade rating from a recognized rating agency. Furthermore and notwithstanding the provisions of Section 7.15(a) above, Cira and its subsidiaries may advance trade credit to their respective customers in the ordinary course of business.

SECTION 7.16. CONSULTING AGREEMENT. Cira shall neither amend nor modify the Consulting Agreements of even date herewith between it and Richard Olsen and it and Pierre Triozzi. Cira will take all reasonable precautions to ensure that its proprietary information, trade secrets and confidential information remain proprietary, secret or confidential and will require each of its employees and any other person who has access to such proprietary information, trade secrets or confidential information to execute a written contract to maintain the proprietary, secret or confidential status thereof.

SECTION 7.17. INDEMNITY BY CIRA. Cira agrees to indemnify and hold harmless Neoprobe from and

against any and all liabilities, costs and expenses, including reasonable fees of counsel (including fees incurred in establishing the right to indemnity), resulting from the breach or default in the performance by Cira of any of the covenants or other obligations which it is to perform hereunder, including the failure by Cira or any of its subsidiaries to comply with any law, order of a tribunal or governmental permit relating to the environment or the ownership by Cira or any of its subsidiaries of property that does not comply with such laws, orders of a tribunal or governmental permits. Cira shall indemnify any person nominated by Neoprobe to be a director under Section 5.3 above against any liability, cost or expense arising out of their actions or omissions as directors to the fullest extent permitted by Ohio Revised Code Section 1701.13, or the Certificate of Incorporation and Bylaws of Cira.

ARTICLE 8. STOCKHOLDERS' COVENANTS. Each of the Stockholders, individually, covenants to and agrees with Neoprobe that:

SECTION 8.1. VOTING OF STOCK. He will vote any and all shares of Common Stock or other voting securities of Cira that he owns or has the right or power to vote, to cause Cira to comply with and perform fully each of its obligations, commitments, covenants, and agreements contained in this Agreement, or any other document contemplated hereby (including the Technology Agreement), and will take any and all action available to him as a stockholder of Cira as may be necessary to cause Cira to comply with such obligations, commitments, covenants, and agreements.

SECTION 8.2. NO CONTRARY ACTION. He will not take any action as a stockholder of Cira which would prevent Cira from providing Neoprobe with the rights and benefits contemplated by this Agreement or any other document contemplated hereby, or which would otherwise cause Cira to breach its covenants to and agreements with Neoprobe contained in this Agreement or in any of such other documents.

SECTION 8.3. TERMINATION OF COVENANTS. The covenants of the Stockholders set forth in Sections 8.1 and 8.2 above are intended by the parties hereto as an additional assurance of the performance of the provisions of Articles 2, 3, 5, 6 and 7 hereof. The covenants set forth in Sections 8.1 and 8.2 above shall terminate when and to the extent the provisions of Articles 2, 3, 5, 6 and 7 have terminated.

SECTION 8.4. TRANSFERS OF STOCKHOLDERS' STOCK. Except as provided in Sections 8.6 and 8.7 below, no interest in Common Stock that is owned, directly or indirectly, by any of the Stockholders on the date hereof or is subject to an option, warrant or other right to purchase in favor of the Stockholders existing on the date hereof or any other securities of Cira issued in respect thereof in any recapitalization (all of which may be referred to herein as "Original Shares") may be given, sold, pledged or otherwise transferred to or owned by any person, and Cira shall not register on its books any transfer in violation of this Section 8.4.

SECTION 8.5. LEGENDS. Any certificate representing any Original Shares shall bear the following legends in larger or other contrasting type or color:

> These securities have not been registered under the Securities Act of 1933. These securities may not be offered for sale, sold or otherwise transferred unless they are registered under the Securities Act of 1933 or they or such offer, sale or transfer are exempt from such registration and the Issuer has received an opinion of counsel reasonably satisfactory to the Issuer in form and substance, to that effect.
>
> The transfer of these shares is restricted by the terms of a Subscription and Option Agreement among the Corporation and its Stockholders dated March 14, 1996. Except as provided in such Agreement, these Shares may not be given, sold, pledged or otherwise transferred. The Corporation will mail to the Stockholder a copy of such Agreement without charge within five days after receipt of written request therefor.

SECTION 8.6. RIGHT OF FIRST REFUSAL.

(a) If any of the Stockholders receives and intends to sell any of his Original Shares pursuant to a bona fide offer to purchase Original Shares owned by him (an "Offer") which (i) is open and irrevocable for ninety (90) days from the date thereof, (ii) states the per share cash value of the consideration to be given for the shares to be sold and the number of such shares, (iii) states the identity of the proposed purchaser, and (iv) provides that the purchaser agrees to comply with the terms and provisions of this Agreement in completing such Offer, such Stockholder (a "Seller") shall send a copy of such Offer to Neoprobe within five (5) days of his receipt thereof. No Offer shall be bona fide if the proposed purchaser is an affiliate of the Seller. An offer which does not comply with the prerequisites of the first sentence of this paragraph (a) shall not trigger any provisions of this Section 8.6.

(b) Neoprobe may notify the Seller within forty-five (45) days of the Offer (the "Response Period") that it desires to purchase the Original Shares

subject to the Offer pursuant to its right of first refusal under this Section 8.6, in which case the Seller shall not sell the Original Shares subject to the Offer pursuant to the Offer and shall sell the Original Shares subject to the Offer to Neoprobe on the terms and subject to the conditions of the Offer. Such notice from Neoprobe is referred to as a "Response" herein. The Response shall set forth a date, within ten (10) days after the date thereof, on which Neoprobe will purchase the Original Shares subject to the Offer. On that date the Seller shall deliver the certificates representing Original Shares subject to the Offer, duly endorsed for transfer to Neoprobe at its principal place of business and Neoprobe shall take up and pay for such shares by delivering a certified or cashiers' check payable to the order of Seller in the amount of the cash value of the consideration for such shares specified in the Offer. Upon receipt of such consideration, the Seller shall sell the Original Shares subject to the Offer to Neoprobe, free and clear of all liens, encumbrances and adverse claims (other than restrictions on transfer under this Agreement and applicable federal and state securities laws or those that are imposed by or through Neoprobe).

(c) If (i)(A) the Seller delivers a copy of the Offer to Neoprobe as provided in paragraph (a) of Section 8.6 above and (B) Neoprobe does not deliver a Response within the Response Period, or (ii) Neoprobe, having elected to exercise its right of first refusal under paragraph (b) of Section 8.6 above, fails to take up and pay for the securities as required herein, the Seller may, subject to the rights of first refusal of the other Stockholders in the Stockholders Agreement, sell his Original Shares pursuant to the terms and conditions of the Offer within ninety (90) days of the date of the Offer. If the sale of the shares pursuant to the Offer is not completed within ninety (90) days of the date of the Offer, the Offer shall be invalid and the Seller may not sell any of his Original Shares pursuant thereto.

SECTION 8.7. CERTAIN TRANSFERS. The transfer restriction imposed by Section 8.4 above shall not apply to:

(a) any bona fide gift to a member of the immediate family of the donor or to a trust solely for the benefit of the donor or a member of his immediate family; provided, however, that (i) the Stockholder shall notify Neoprobe of such gift before he makes it; (ii) the donee shall execute a written instrument in which such donee agrees to be bound by and comply with the provisions of this Article 8; and (iii) if such gift is not in compliance with all applicable federal and state securities laws and Cira has not received (at its sole option) an Opinion of counsel, in form and substance reasonably satisfactory to Cira, to the effect that such gift is so in compliance, no such gift shall be made; or

(b) any transfer under the terms of the will of a Stockholder or pursuant to the laws of descent and distribution applicable to a Stockholder, provided however, that the transferee shall execute a written instrument in which such transferee agrees to be bound by and comply with the provisions of this Article 8.

Any Original Shares transferred pursuant to the provisions of this Section 8.7 remain Original Shares hereunder and the donee thereof shall be treated as a "Stockholder" for the purposes of this Agreement.

SECTION 8.8 TERMINATION. The provisions of Sections 8.4 through 8.7 above shall terminate when (a) the Common Stock of Cira has been registered and sold in a firm-commitment underwriting after the date hereof or (b) the Option has either been exercised or expired and the Common Stock owned by Neoprobe constitute less than five percent (5%) of the then outstanding Common Stock; whichever is later.

ARTICLE 9. DEFINITIONS.

SECTION 9.1. GENERAL. Certain words and phrases used in this Agreement shall have the meanings given to them below in this Section.

"Commission" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Common Stock" means the common stock, par value $.001 per share, of Cira.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar successor federal statute and the rules and regulations thereunder,

all as the same shall be in effect from time to time.

"GAAP" means generally accepted accounting principles.

"Includes" means includes, but is not limited to.

"Or" is disjunctive but not exclusive.

"Recapitalization" means, with respect to any security, any issuance of securities with respect thereto as a dividend or any issuance, combination or other change in such security pursuant to any amendment of the issuer's certificate or articles of incorporation or a merger, consolidation, purchase or sale of assets, dissolution, or plan of arrangement, compromise or reorganization of the issuer.

"Rule 144" means Rule 144 as promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

"Rule 145" means Rule 145 as promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

"Securities" means securities as such term is defined in the Securities Act whether or not the securities in question are exempt from any of the provisions of such act.

"Securities Act" means the Securities Act of 1933, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

"Securities laws" means the Securities Act, the Exchange Act, all regulations and rules thereunder, and all applicable state securities or "blue sky" laws and the rules and regulations thereunder, each as they may be amended from time to time.

"Stockholders Agreement" means the Stockholders Agreement among the Stockholders of Cira signatories thereto dated of even date herewith.

"Transfer" means every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with an asset or property or of an interest therein, and includes payment of money, release, lease, abandonment and creation of a lien or other encumbrance.

SECTION 9.2. OTHER. The following defined terms shall have the definitions set forth in the sections indicated:

TERM	SECTION
Agreement	9.5
Cira	Parties
Exercise Price	2.1
Indemnified Party	6.6 (c)
Indemnifying Party	6.6 (c)
Technology Agreement	Preamble 2
Neoprobe	Parties
New Securities	5.1 (c)
Offer	8.6 (a)
Option	2.1
Option Shares	2.1

TERM	SECTION
Original Shares	8.4
Pre-Money Value	2.1
Purchased Shares	1.1
Registrable Securities	6.1 (a)
Registration	6.1 (a)
Response	8.6 (b)
Response Period	8.6 (b)
Seller	8.6 (a)
Stockholders	Parties
Technology	Preamble 1

Valuation Date 2.5 (b)

SECTION 9.3. ACCOUNTING TERMS. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

SECTION 9.4. EFFECT OF DEFINITIONS. The definitions set forth in Section 9.1 above or referenced in Section 9.2 above shall apply equally to the singular, plural, adjectival, adverbial and other forms of any of the words and phrases defined regardless of whether they are capitalized.

SECTION 9.5. THIS AGREEMENT. This Agreement consists of the title, date, names of parties, and preamble set forth above, these terms, the signatures of the parties and the information set forth on the signature pages below, the exhibits attached hereto and the certificates, documents and other instruments required to be delivered hereunder; and any reference to this Agreement refers to all of such constituents. The date first set forth above shall be deemed to be the date hereof for all purposes. The statements set forth in the preamble are made for the purpose of providing background information that will assist persons who read this Agreement in interpreting it. Such statements do not constitute representations, warranties or covenants of the parties hereto and they may be contradicted by the parties.

SECTION 9.6. CASE AND GENDER. In this Agreement words in the singular number include the plural, and in the plural include the singular; and words of the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender may refer to any gender.

ARTICLE 10. MISCELLANEOUS.

SECTION 10.1. OPPORTUNITIES. Nothing contained in this Agreement or Neoprobe's ownership of the Purchased Shares or the Option Shares or its right to nominate directors or election of any affiliate of Neoprobe as a director or officer of Cira shall require Neoprobe to offer any business opportunity to Cira or provide any funds to Cira not specifically mentioned in this Agreement.

SECTION 10.2. SURVIVAL. The representations, warranties, covenants and agreements made by the parties herein shall survive any investigation made by Neoprobe or Cira and shall survive the closing of the transactions contemplated hereby.

SECTION 10.3. EXPENSES. Cira and Neoprobe shall each bear its own expenses and legal fees incurred on its behalf with respect to this Agreement and the transactions contemplated hereby.

SECTION 10.4. NOTICES. Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given: (a) when delivered, if delivered in person; (b) when sent, if sent by telecopy or other electronic means and confirmation of receipt is received; (c) the day designated as the delivery date, if sent by nationally recognized overnight courier service; or (d) two (2) days after being sent, if sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth next to such party's signature hereto and with such copies delivered, transmitted, couriered or mailed to such persons as are specified therein. Any party may change his address for notices in the manner set forth above.

SECTION 10.5. SUCCESSORS. The terms of this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives or corporate successors.

SECTION 10.6. THIS AGREEMENT. This Agreement, the schedules and exhibits hereto and the agreements and instruments required to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the subject

matter hereof and supersede and discharge all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter and negotiations. There are no oral conditions precedent to the effectiveness of this Agreement.

SECTION 10.7. NON-WAIVER. Neither the failure of nor any delay by any party

to this Agreement to enforce any right hereunder or to demand compliance with its terms is a waiver of any right hereunder. No action taken pursuant to this Agreement on one or more occasions is a waiver of any right hereunder or constitutes a course of dealing that modifies this Agreement.

SECTION 10.8. WAIVERS. No waiver of any right or remedy under this Agreement shall be binding on any party unless it is in writing and is signed by the party to be charged. No such waiver of any right or remedy under any term of this Agreement shall in any event be deemed to apply to any subsequent default under the same or any other term contained herein.

SECTION 10.9. AMENDMENTS. No amendment, modification or termination of this Agreement shall be binding on any party hereto unless it is in writing and is signed by the party to be charged.

SECTION 10.10. SEVERABILITY. The terms of this Agreement are severable and the invalidity of all or any part of any term of this Agreement shall not render invalid the remainder of this Agreement or the remainder of such term. If any term of this Agreement is so broad as to be unenforceable, such term shall be interpreted to be only so broad as is enforceable.

SECTION 10.11. THIRD PARTIES. Nothing herein expressed or implied is intended or shall be construed to give any person other than the parties hereto any rights or remedies under this Agreement.

SECTION 10.12. JOINT PREPARATION. This Agreement shall be deemed to have been prepared jointly by the parties hereto. Any ambiguity herein shall not be interpreted against any party hereto and shall be interpreted as if each of the parties hereto had prepared this Agreement.

SECTION 10.13. SATURDAYS, SUNDAYS AND HOLIDAYS. Where this Agreement authorizes or requires a payment or performance on a Saturday, Sunday or public holiday, such payment or performance shall be deemed to be timely if made on the next succeeding business day.

SECTION 10.14. COUNTERPARTS. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing one or more counterparts.

SECTION 10.15. GOVERNING LAW. The validity, terms, performance and enforcement of this Agreement shall be governed by laws of the State of Ohio that are applicable to agreements negotiated, executed, delivered and performed solely in the State of Ohio.

SECTION 10.16. ARBITRATION. Any disputes, controversies or claims arising out of or relating to the negotiation, execution, delivery, performance or breach of this Agreement shall be settled by arbitration conducted in Franklin County, Ohio in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the arbitrators may be entered in any Court having jurisdiction thereof. If the amount claimed or disputed in such arbitration is equal to or more than One Hundred Thousand Dollars ($100,000), it shall be conducted before a panel of three arbitrators. All proceedings before and papers submitted to any arbitrator hereunder shall be held in the strictest confidence by the parties, the arbitrators and any attorneys participating therein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ADDRESS: NEOPROBE CORPORATION

425 Metro Place North, Suite 400
Dublin, Ohio 43017-1367 By: /s/ David C. Bupp

David C. Bupp, President

CIRA TECHNOLOGIES, INC.

2232 Summit Street
Columbus, Ohio 43201 By: /s/ Richard G. Olsen

Richard G. Olsen, President

2255 St. Route 56
London, Ohio 43140

/s/ Richard G. Olsen

RICHARD G. OLSEN

2112 Iuka Avenue
Columbus, Ohio 43212

/s/ John L. Ridihalgh

JOHN L. RIDIHALGH

2087 Tremont Road
Columbus, Ohio 43221

/s/ Richard McMorrow

RICHARD MCMORROW

2356 St. Route 56 SW
London, Ohio 43140

/s/ James R. Blakesee

JAMES R. BLAKESLEE

MUELLER & SMITH, LTD.

7700 Rivers Edge Drive
Columbus, Ohio 43235

By: /s/ Jerry K. Meuller, Jr.

Name: Jerry K. Meuller, Jr.
Title: Member

360 West Seventh Avenue
Columbus, Ohio 43201

/s/ Pierre L. Triozzi

PIERRE L. TRIOZZI

2731 Selma Pike
Springfield, Ohio 45505

/s/ Gregory Noll

GREGORY NOLL

EXHIBIT 11.1

NEOPROBE CORPORATION AND SUBSIDIARIES
COMPUTATION OF NET LOSS PER SHARE

<TABLE>
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	THREE MONTHS ENDED MARCH 31,	
	1995	1996
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Net Loss	($ 2,541,298)	($ 3,550,199)
Weighted average number of shares outstanding:		
Weighted average common shares outstanding beginning of period	10,854,515	17,334,800
Weighted average common shares issued during period	1,002,169	91,814
Weighted average number of shares outstanding used in computing primary net loss per share	11,856,684	17,426,614
Weighted average number of shares used in computing fully diluted net loss per share	11,856,684	17,426,614
Earnings (Net Loss) Per Share:		
Primary	($0.21)	($0.20)
Fully diluted	($0.21)	($0.20)

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<NAME> NEOPROBE CORPORATION

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