

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

MANAGEMENT TECHNOLOGIES INC

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities and Exchange Act of 1934

Date of Report : February 5, 1996 (Date of earliest event reported)

December 15, 1995

MANAGEMENT TECHNOLOGIES, INC.

Exact name of

Registrant as specified in its Charter)

NEW YORK

(State of

other jurisdiction of incorporation)

0-17206

13-3029797

Commission File No.

I.R.S. Employer Identification

630 Third Avenue, New York, NY

10017

Address of principal
executive offices

Zip Code

Registrant's telephone number,
including area code

ITEM 5. OTHER EVENTS

On December 15, 1995, the Registrant ("the Company") entered into a letter agreement (the "Letter Agreement") with Israel Trading Fund Ltd. ("ITF") and Select Capital Advisors, Inc. ("Select Capital") with regard to the placement and subscription of the Company's 9% Subordinated Convertible Debentures (the "Debentures") in the aggregate amount of \$6,000,000, maturing on December 31, 1997. Under the Letter Agreement, the Debentures are to be subscribed in four tranches as follows:

1. Series A Debenture, in the amount of \$1,250,000 was due to close on or prior to December 15, 1995, subject to the Company's arranging for its management or others (1) to acquire \$1,000,000 of common shares of the Company ("Shares") on or prior to December 22, 1995 and (2) to execute a commitment prior to such date for the acquisition of \$250,000 of additional Shares which note will mature on or prior to April 30, 1996. Series A Debenture was increased to \$1,950,000 by letter agreement dated December 22, 1995.
2. Series B Debenture, in the amount of \$1,500,000 is due to close on or prior to February 10, 1996, subject to the Company's not suffering a loss for the quarter ending January 31, 1996 per the Company's unaudited financial statements for the quarter ending January 31, 1996, as certified by the Company's President and Chief Financial Officer.
3. Series C Debenture, in the amount of \$1,500,000 is due to close on or prior to March 15, 1996 subject to the Company entering into at least two contracts with financial institutions for the purchase of the Company's products, which contracts would generate not less than \$2,000,000 in gross revenues, and not less than \$1,000,000 in gross revenues would be recognizable on or prior to April 30, 1996.
4. Series D Debenture, in the amount of \$1,750,000 is due to close on or prior to May 15, 1996, subject to the Company not suffering a loss in the fiscal year ending April 30, 1996 per the Company's unaudited financial statements for the year ending April 30, 1996, as certified by the Company's President and Chief Financial Officer.

The Debentures are due and payable on December 31, 1997, and all principal and interest is convertible by the Holders into Shares. The conversion period starts 45 days from the closing date of the Debentures and ends on the maturity date of the Debentures. In the event that the Debentures are not converted by the Holders at maturity, then in that event, the Debentures are automatically converted by their terms into Shares. The Shares to be issued upon conversion are issued pursuant to a Regulation "S" exemption of the Securities Act of 1933, as amended. The Holders have represented that they qualify pursuant to the exemption.

Series A Debentures are convertible at the lower of \$.48 per share or 62.5% of the average closing bid for the market price of the Company's stock as traded

on the Over-the-Counter market for a five (5) consecutive business days immediately preceding the conversion date.

Series B Debentures are convertible at the lower of \$.69 per share or 62.5% of the average closing bid for the market price of the Company's stock as traded on the Over-the-Counter market for a five (5) consecutive business days immediately preceding the conversion date.

Series C Debentures are convertible at the lower of \$1.04 per share or 62.5% of the average closing bid for the market price of the Company's stock as traded on the Over-the-Counter market for a five (5) consecutive business days immediately preceding the conversion date.

Series D Debentures are convertible at the lower of \$1.38 per share or 62.5% of the average closing bid for the market price of the Company's stock as traded on the Over-the-Counter market for a five (5) consecutive business days immediately preceding the conversion date.

On December 29, 1995, the Company completed transactions wherein the Company issued six Series A Debentures in the aggregate amount of \$1,850,000 to Torah Vacheshed Lezra Vesad, Schulamit Kritzker, Dovasa S.A., Aron Meyer Gee, and Chava Fischman.

On February 5, 1996, the Company completed transactions wherein the Company issued four Series B Debentures in the aggregate amount of \$1,850,000 to Henry Zieleniec, Raphael Lapidus, Miriam Herzl, and Yosef Yud. The Series B Debentures completed on February 5, 1996 are convertible at the lower of \$.53 per share or 62.5% of the average closing bid for the market price of the Company's stock as traded on the Over-the-Counter market for a five (5) consecutive business days immediately preceding the conversion date.

The Company agreed to pay 5% of gross proceeds to ITF, 5% of gross proceeds Select Capital, 3% of gross proceeds to Barrocas & Behzadi Investments and 0.5% to London Select Entreprises Ltd. In addition, the Company agreed to issue Shares to Barrocas & Behzadi in a number equivalent to 1% of the gross proceeds, based on the lower of \$0.75 per Share or the bid price on the Debentures closing date, and 1 one (1) warrant (the 'Warrants') to purchase one (1) Share per \$10 of Debenture as directed by ITF and Select Capital. The Warrants are exercisable at after June 15, 1996 at \$0.69 per Share and expire in two and a half years.

ITEM 7. EXHIBITS

- 10.115. Copy of Letter Agreement dated December 15, 1995 with Israel Trading Fund, Ltd. and Select Capital Advisors, Inc.
- 10.116. Copy of Letter Agreement dated December 22, 1995 with Israel Trading Fund, Ltd. and Select Capital Advisors, Inc.
- 10.117 Copy of Agreement For Consulting Services with Barrocas and Behzadi Investments dated November 27, 1995.
- 10.118 Copy of 9% Convertible A Debenture issued to Torah Vacheshed Lezra Vesad dated December 20, 1995.
- 10.119 Copy of Escrow Agreement with Barry B. Globerman, dated December 20, 1995.
- 10.120 Copy of a Treasury Order dated December 20, 1995.
- 10.121 Copy of an Offshore Securities Subscription Agreement with Torah Vacheshed Lezra Vesad dated December 20, 1995
- 10.122 Copy of 9% Convertible A Debenture issued to Schulamit Pritzker dated December 19, 1995.

- 10.123 Copy of Escrow Agreement with Barry B. Globerman, dated December 20, 1995.
- 10.124 Copy of a Treasury Order dated December 20, 1995.
- 10.125 Copy of an Offshore Securities Subscription Agreement with Schulamit Pritzker dated December 20, 1995
- 10.126 Copy of 9% Convertible A Debenture issued to Aron Meyer Gee dated December 22, 1995.
- 10.127 Copy of Escrow Agreement with Barry B. Globerman, dated December 22, 1995.
- 10.128 Copy of a Treasury Order dated December 20, 1995.
- 10.129 Copy of an Offshore Securities Subscription Agreement with Aron Meyer Gee dated December 22, 1995
- 10.130 Copy of 9% Convertible A Debenture issued to Dovasar S.A., dated December 29, 1995.
- 10.131 Copy of Escrow Agreement with Barry B. Globerman, dated December 29, 1995.
- 10.132 Copy of a Treasury Order dated December 29, 1995.
- 10.133 Copy of an Offshore Securities Subscription Agreement with Dovasar S.A. dated December 29, 1995
- 10.134 Copy of 9% Convertible A Debenture issued to Chava Fishman, dated December 29, 1995.
- 10.135 Copy of Escrow Agreement with Barry B. Globerman, dated December 29, 1995.
- 10.136 Copy of a Treasury Order dated December 29, 1995.
- 10.137 Copy of an Offshore Securities Subscription Agreement with Shava Fischman dated December 29, 1995
- 10.138 Copy of 9% Convertible B Debenture issued to Henry Zielenic, dated January 25, 1996.
- 10.139 Copy of Escrow Agreement with Barry B. Globerman, dated January 25, 1996..
- 10.140 Copy of a Treasury Order dated January 25, 1996.
- 10.141 Copy of an Offshore Securities Subscription Agreement with Henry Zieleniec dated January 25, 1996.
- 10.142 Copy of 9% Convertible B Debenture issued to Raphael Lapidus, dated January 29, 1996.
- 10.143 Copy of Escrow Agreement with Barry B. Globerman, dated January 29, 1996.
- 10.144 Copy of a Treasury Order dated January 29, 1996.
- 10.145 Copy of an Offshore Securities Subscription Agreement with Raphael Lapidus dated January 29, 1996.
- 10.146 Copy of 9% Convertible B Debenture issued to Miriam Herzl, dated January 29, 1996.
- 10.147 Copy of Escrow Agreement with Barry B. Globerman, dated January 29, 1996.
- 10.148 Copy of a Treasury Order dated January 29, 1996.
- 10.149 Copy of an Offshore Securities Subscription Agreement with Miriam Herzl dated January 29, 1996
- 10.150 Copy of 9% Convertible B Debenture issued to Yosef Yud, dated January 29, 1996.
- 10.151 Copy of Escrow Agreement with Barry B. Globerman, dated January

- 29, 1996.
- 10.152 Copy of a Treasury Order dated January 29, 1996
- 10.153 Copy of an Offshore Securities Subscription Agreement with Yosef
Yud dated January 29, 1996.
- 10.154 Copy of 9% Convertible B Debenture issued to Menachem M. Begun,
dated January 30, 1996.
- 10.155 Copy of Escrow Agreement with Barry B. Globerman, dated January
30, 1996.
- 10.156 Copy of a Treasury Order dated January 30, 1996
- 10.157 Copy of an Offshore Securities Subscription Agreement with
Menachem M. Begun dated January 30, 1996.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,
the Registrant has duly caused this Report to be signed on its behalf by the
undersigned hereunto duly authorized.

MANAGEMENT TECHNOLOGIES, INC.

(Registrant)

/s/ Peter Morris

Peter Morris
President & Chief Operating Officer

Dated: New York, New York
February 5, 1996

MANAGEMENT TECHNOLOGIES, INC.
630 THIRD AVENUE
NEW YORK, NEW YORK 10017

December 15, 1995

Israel Trading Fund Ltd.
50 Broad Street
New York, N.Y. 10017

Gentlemen:

This letter will confirm the understanding between Management Technologies, Inc. (the 'Company') and certain investors represented by Israel Trading Fund Ltd. (hereinafter referred to as 'Investors') in connection with the subscription and purchase by Investors of a series of Company's 9% Subordinate Convertible Debentures (hereinafter referred to in the aggregate as 'Debentures' or individually as 'Series A, B, C or D Debentures' as applicable) totaling up to \$6,000,000 in an offering pursuant to Regulation S under the Securities Act of 1933 ('Securities Act') upon the following terms and conditions (this letter is hereinafter referred to as the 'Agreement'):

Series A Debentures

1. On or prior to December 15, 1995 Investors shall enter into one or more subscription agreements to purchase an aggregate of \$6,000,000 of Company's Debentures and shall close on the purchase of \$1,250,000 of Series A Debentures. 100% of the principal amount and accrued interest of the Series A Debentures or any part thereof shall be convertible by the holder 45 days or later after the date of its issuance into shares of the Company common stock \$.01 par value ('Shares') at a conversion price for each Share equal to the lower of (a) \$.48 or (b) 62.5% of the average of the closing bid price of the Shares for the 5 consecutive trading days prior to the date of conversion. The Series A Debentures shall mature on December 31, 1997 and if not converted prior to maturity shall automatically convert at such time upon the terms set forth above.
2. As a condition precedent to the purchase by Investors of Series A Debentures, the Company shall arrange for its management and or others to acquire \$1,000,000 of Shares on or prior to December 22, 1995 and to

execute a note prior to such date for the acquisition of \$250,000 of additional Shares which note shall mature on or prior to April 30, 1996. In the event the foregoing condition is not satisfied, Investors shall have the right but not the obligation to purchase the Series A Debentures.

Series B Debentures

3. On or prior to February 10, 1996, Investors shall close on the purchase of \$1,500,000 of Series B Debentures. 100% of the principal and accrued interest of the Series B Debentures or any part thereof shall be convertible by the holder 45 days or later after the date of issuance into Shares at a conversion price per Share equal to the lower of (a) \$.69 or (b) 62.5% of the average of the closing bid price of the Shares for the 5 consecutive trading days prior to the date of conversion. The Series B Debentures shall mature on December 31, 1997 and if not converted prior to maturity shall automatically convert at such time upon the terms set forth above.
4. As a condition precedent to the purchase by Investors of Series B Debentures, the Company shall be required to provide unaudited profit and loss statements under generally accepted accounting principles for the quarter ended January 31, 1996 indicating that the Company had not suffered a loss for such quarter. Such statements shall be provided on or prior to February 10, 1996 and shall be certified by the President and the Chief Financial Officer of the Company. If the foregoing condition is not satisfied, Investors shall have the right, but not the obligation in their sole discretion, to purchase the Series B Debentures.

Series C Debentures

5. On March 15, 1996, Investors shall close on the purchase of \$1,500,000 of Series C Debentures. 100% of the principal and accrued interest of the Series C Debentures or any part thereof shall be convertible by the holder 45 days or later after the date of issuance into Shares at a conversion price per Share equal to the lower of (a) \$1.04 or (b) 62.5% of the average of the closing bid price of the Shares for the 5 consecutive trading days prior to the date of conversion. This Series C Debentures shall mature on December 31, 1997 and if not converted prior to maturity shall automatically convert at such time upon the terms set forth above.
6. As a condition precedent to the purchase by Investors of Series C Debentures, the Company shall provide written documentation acceptable to the Investors that the Company has entered into at least 2 contracts with financial institutions for the purchase of the Company's products which sales would generate not less than \$2,000,000 in gross revenues with at least \$1,000,000 of such revenues to be recognized prior to April 30, 1996 and the remainder in its 1997 fiscal year. If the foregoing condition is not satisfied Investors shall have the right, but not the obligation in

their sole discretion, to purchase the Series C Debentures.

Series D Debentures

7. On or prior to May 15, 1996 Investors shall close on the purchase of \$1,750,000 of Series D Debentures. 100% of the principal and accrued interest of the Series D Debentures or any part thereof shall be convertible by the holder 45 days or later after the date of issuance into Shares at a conversion price per Share equal to the lower of (a) \$1.38 or (b) 62.5% of the average of the closing bid price of the Shares for the 5 consecutive trading days prior to the date of conversion. The Series D Debentures shall mature on December 31, 1997 and if not converted prior to maturity shall automatically convert at such time upon the terms set forth above. Either party must notify the other party by May 1, 1996 of its intention not to fund or accept funding of this transaction.
8. As a condition precedent to the purchase by Investors of Series D Debentures, the Company shall be required to provide the Investors with unaudited profit and loss statements of the Company which indicate that the Company has not suffered a loss for the fiscal year ending April 30, 1996. Such profit and loss statements shall be provided prior to May 15, 1996 and shall be certified by the President and Chief Financial Officer of the Company. If the foregoing condition is not satisfied Investors shall have the right, but not the obligation in their sole discretion, to purchase the Series D Debentures. Notwithstanding the foregoing both the Company and/or the Investors at either's sole discretion shall have the right not to proceed with the purchase and/or sale of the Series D Debentures.

Documentation

9. Prior to December 15, 1995, Company and Investors shall enter into a Subscription Agreement substantially in the form attached hereto as Exhibit A, and upon the closing of the purchase of each Series of Debentures the Company shall execute Debenture(s) substantially in the form attached hereto as Exhibits B, C, D and E.

Escrow of Shares

10. Within 5 days of execution by the Company of each Debenture, Company shall deliver Irrevocable Treasury Orders for the issuance of Shares (upon conversion of the Debentures) to be held in escrow by Barry B. Globerman, Attorney-at-law, 110 East 59th Street, 23rd Floor, New York, N.Y. 10022 ('Escrow Agent') under the terms set forth herein. The Treasury Orders for the number of shares to be held in escrow shall be completed by the Escrow Agent upon conversion of each Series of Debentures pursuant to the

formulas set forth in the Debentures. Each and every stock certificate issued upon conversion of the Debentures shall be issued without any legend.

Conversion

11. In order to convert a Debenture or any portion thereof, the Investors shall surrender such Debenture to the Escrow Agent accompanied by a written statement designating the principal amount of such Debenture, or portion thereof, to be so converted with a copy to the Company. Escrow Agent shall then deliver the corresponding number of Treasury Orders for the appropriate number of Shares and upon receipt deliver the Shares to Investor pursuant to Investor's written instructions. In the case in which the Debenture is converted in part only, Company shall, upon such conversion, execute and deliver to Investor at the expense of Company, a new Debenture of authorized denominations in principal amount equal to the unconverted portion of such Debenture. If the last day for exercise of the right to convert shall not be a business day, then such right may be exercised on the next succeeding business day. Any Treasury Orders not required for conversion of the Debentures shall be returned to Company.

Indemnification of Escrow Agent

12. Company and Investors shall indemnify and hold free and harmless Escrow Agent from any and all losses, expenses, liabilities and damages (including but not limited to reasonable attorney's fees, and amounts, paid in settlement) resulting from claims asserted against Escrow Agent with respect to the performance of any of the provisions of this Agreement.

Fees, Expenses and Warrants.

13. Upon the closing of the purchase of each Series of Debentures Company shall pay an amount equal to 10% of the purchase price of each Series of Debentures, 5% to Israel Trading Fund ('ITF') and/or its designees and 5% to Select Capital Advisors, Inc. ('Select') and/or its designees. The Escrow Agent shall have the right to withhold such amounts from funds deposited with it by Investors and shall remit the net amount to Company.
14. Upon the closing of the purchase of each Series of Debentures, Company shall issue warrants pursuant to Regulation S to non-U.S. affiliates of ITF and Select to purchase one share for each \$10 of Debentures purchased, 50% of which shall be issued as directed by ITF and 50% of which shall be issued as directed by Select ('Warrants'). The Warrants shall be exercisable after June 15, 1996 at \$.69 per Share and shall be exercisable at any time within 2 1/2 years of issuance.

15. Company warrants, represents and covenants that:

- a) The principal place of business of Company, the chief executive office and other places of business of Company, the designated agent for service of process on behalf of Company, the books and records relating to the Shares are, and have been during the six-month period prior to the date hereof, located at the address set forth below.
- b) Company will, at its sole cost and expense, perform all acts and execute all documents requested by Investors from time to time to evidence, perfect, maintain or enforce Investor's interest earned herein or otherwise in furtherance of the provisions of the Agreement;
- c) except for any trade names set forth on the Exhibit attached
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hereto, Company has not during the five-year period prior to the date hereof been known by or used any trade name, fictitious name or any corporate name other than Company's name as set forth next to its signature below;
- d) the financial statements of Company for the fiscal years ended April 30, 1995, are true and correct and have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods involved. The consolidated balance sheets and the related notes fairly present the financial position of Company as of the respective dates thereof, and the consolidated statements of income and retained earnings and the related notes fairly present the results of the operations of Company for the respective periods indicated. There as been no material adverse change in the condition, financial or otherwise of Company taken as a whole since September 30, 1995;
- e) Company is a corporation duly organized and existing and in good standing under the laws of the State of New York and has the corporate power to own its properties and to carry on its business as now being conducted and as proposed to be conducted. Company is qualified to do business as a foreign corporation and is in good standing in every jurisdiction in which such qualification is necessary under applicable provisions of law;
- f) there are no actions, suits or proceedings or, to the knowledge of Company, threatened against or affecting Company which may result in any material adverse change in the business, properties or condition of Company;
- g) Company enjoys peaceful and undisturbed possession under all of the leases to which it is a party or under which it is operating. All of

such leases are valid and subsisting and none of them is in default;

- h) neither the execution and delivery of this Agreement nor the Debentures, the consummation of the transactions herein or therein contemplated, the fulfillment of the terms hereof or thereof, nor compliance with the terms and provisions hereof or thereof, will conflict with or result in a breach of any of the terms, conditions, or provisions of any corporate restriction or of any agreement or instrument to which Company is now a party or by which is bound, or constitute a default thereunder, or results in the creation or imposition of any lien, charge, security interest, or encumbrance of any nature whatsoever upon any of the property or assets of Company pursuant to the terms of any such agreement or instrument;
- i) Company has filed, or has received extensions of time to file, all tax returns which are required to be filed by any jurisdiction to which Company is or was subject, and has paid or provided for payment of, all taxes as shown on said returns or pursuant to any assessment received by Company and does not know of any proposed assessment of additional taxes or any basis therefor for all taxable years up to and including the taxable year ending April 30, 1995. The Investors realize that the Company presently owes Pounds1,920,000 to the Department of Revenue in the United Kingdom.
- j) upon receipt by Company of payment for the Debentures as provided herein, the Debentures will have been duly authorized, executed, and issued and will constitute valid and legally binding obligations of Company enforceable in accordance with their terms and will be entitled to the benefits provided by this Agreement.
- k) the authorized and outstanding capital stock of Company consists of 200,000,000 shares of common stock, par value \$.01 per share, of which 16,740,913 are currently outstanding. All of Company's outstanding common stock has been duly and validly authorized and issued and is fully paid and nonassessable. The Shares to be issued upon conversion of the Debentures or exercise of the Warrants pursuant to this Agreement have been duly and validly authorized and are sufficient in number for the conversion of the entire principal amount of the Debentures and Warrants at the conversion and exercise price, respectively. The Company has 4,832,850 shares issuable under certain existing subscription and other agreements. Company has granted or issued, or agreed to grant options and warrants to acquire 7,598,963 shares of its common stock, excluding warrants issuable pursuant to dilution of 'C' warrants other than the Debentures and Warrants to be issued pursuant to this Agreement. The Company has granted warrants to purchase shares of its common stock in numbers pegged to its stock price through November of 1996. Company holds 0 shares of its common stock in its Treasury;
- l) the common stock of Company is listed on the NASDAQ stock market and has been duly registered with the Securities and Exchange Commission

(the `SEC'') in accordance with section 12(g) of the Securities Exchange Act of 1934, as amended (herein called the `Exchange Act'). Said common stock is the only `equity securities' (as defined in the Exchange Act) of Company required to be registered under Section 12 of the Exchange Act. The Company will undertake to make all filings necessary with all regulatory authorities to list the Shares upon their issuance.

- m) Company represents and warrants that the net proceeds of the sale of the Debenture will be added to the general funds of Company and will be used for working capital and to pay off debt; and
- n) Company is a `Reporting Issuer,' as defined by Rule 902 of Regulation S under the Act, which has a class of securities registered pursuant to Section 12(b) or 12(g) of the Exchange Act or is required to file reports pursuant to Section 15(d) of the Exchange Act.
- o) Other than the Debentures the only money indebtedness of Company over \$500,000 is as listed on Exhibit 150 hereto. Company will not incur any additional indebtedness, except in ordinary course of business without the prior written consent of Investors. The restriction contained in the last sentence expires on the date of conversion of the last closed tranche of the Debentures.
- p) Company shall, on or prior to December 15, 1995, obtain the consent of the Company's officers, directors and 10% stockholders that they will not sell, transfer, pledge or assign any Shares that they own or acquire for a period of 8 months from the date of this Agreement. The Company's officers shall also use all reasonable efforts to obtain a similar consent in connection with the shares owned by the investors represented by D.H. Blair & Co.
- q) Company shall not sell any Shares pursuant to Regulation S for a period of 5 months from the date of the funding of the last tranche funded hereunder, subject to closing of tranches A and B hereunder.

Representations and Warranties of Investors

16. Investors hereby represent and warrant to Company as follows:

- a) Investors have the legal capacity and all necessary authority to enter into and perform this Agreement and to consummate the transactions contemplated hereby;
- b) Investors represent and warrant that they are not `U.S. persons' as defined by Rule 902 of Regulation S under the Act, that the offer and sale of the Debentures and Shares is not taking place in the United States of America, but rather in an off-shore transaction, and that Investors acknowledge their understanding that the offer and sale of

the Shares is intended to be exempt from the registration requirements of the Act by virtue of Regulation S of such Act;

- c) This Agreement has been duly authorized, executed and delivered by Investors and constitutes a legal, valid and binding obligation of Investors, enforceable against Investors in accordance with its terms;
- d) The execution and delivery of this Agreement and the performance of the obligations imposed hereunder will not result in a violation of any order, decree or judgment of any court or governmental agency having jurisdiction over Investors or Investors' properties, will not conflict with, constitute a default under, or result in the breach of, any contract, agreement, or other instrument to which Investors are a party or are otherwise bound and no consent, authorization or order of, or filing or registration with, any court, governmental, or regulatory authority is required in connection with the execution and delivery of this Agreement and any related agreements or the performance by Investors of their obligations hereunder;
- e) There is no litigation or proceeding pending or, to the best knowledge of Investors, threatened, against Investors which would have any effect on the validity or performance of this Agreement;
- f) Investors:
 - i) are aware of the circumstances under which Investors are required to take and hold the Debentures and Shares pursuant to the requirements of the Act, and any applicable state securities or 'Blue Sky' law or laws;
 - ii) are aware that the Debentures and Shares have not been registered under the Act and may not be transferred or otherwise disposed of unless they are subsequently registered under the Act or an exemption from such registration is available;
 - iii) have been fully informed that an opinion of Company's counsel will be delivered to Company's transfer agent and to Investors opining that the Shares may be transferred or sold by Investors on the forty-first (41st) day from the date of issuance of each Series of Debentures without restriction subject to the Company and Investors meeting all regulatory requirements applicable at such time;
 - iv) are aware that neither Company nor Escrow Agent is under any obligation to cause the Shares to be registered under the Act or to comply with any applicable exemption under the Act with respect to the Shares;
 - v) have such knowledge and experience in financial and business matters that Investors are capable of evaluating the merits and risks of the purchase of the Debentures and Shares and making an informed investment decision with respect thereto, has evaluated the merits and risks of the purchase of the Debentures and Shares, and is able to bear the economic risk of purchasing the Debentures and Shares and can afford the complete loss of the

investment;

vi) are purchasing the Debentures and Shares for its own account for investment purposes and not with a view to distribute the Debentures and Shares as that term is defined in the Act; and
vii) have been provided with any and all written information and materials concerning Company and its business which it has requested.

g) Neither Company, nor any person acting on behalf of Company, has offered to sell, offered for sale or sold the Debentures and/or Shares to Investors by means of any form of general public solicitation or advertising.

h) Investors are 'accredited investors' as the term is defined in the Rules and Regulations promulgated under the Act, and are sufficiently sophisticated to make informed and educated investment decisions, including the transaction contemplated hereby.

i) Investors were not formed for the sole purpose of investing in the Debentures and Shares herein, and have other substantial business and investments.

j) Investors have received the Company's Report on Form 10KSB for the year ended April 30, 1995, as amended, the Company's Report on Form 10QSB for the quarter ended July 31, 1995, and the Company's Reports on Form 8-K filed since April 30, 1995.

17. Miscellaneous

18. Amendment and Waivers. This Agreement may be amended or any of its

restrictions or provisions may be waived only with the written consent of Investors.

19. Survival of Covenants, Agreements, Representations and Warranties. All

covenants, agreements, representations, and warranties made herein and in certificates delivered pursuant hereto shall survive the execution and delivery of the Debentures, and shall continue in full force and effect as long as the Debentures are outstanding and unpaid.

20. Entire Agreement: No Oral Change. This Agreement embodies the entire

agreement and understanding between Company and Investors relating to the subject matter hereof, and supersedes all prior agreements and understandings relating to such subject matter. This Agreement may not be changed orally, but only by an agreement in writing signed by the party

against whom enforcement of any waiver, change, modification, or discharge is sought. If any provisions of this Agreement are not consistent with the provisions of any other agreement, then the provisions of this Agreement shall control.

21. Notices, Requests, Consents, etc. All notices, requests, consents, and

other communications hereunder shall be in writing and shall be delivered, or mailed by registered mail, postage prepaid, addressed: (a) if to Investors, to Investors' address to which this Agreement is addressed, or to such other address as may have been furnished to Company in writing with a copy to Escrow Agent; or (b) if to Company, to its address set forth below or to such other address as may have been furnished to Investors by Company in writing.

22. Law Governing. This Agreement and the Debentures shall be construed in

accordance with and governed by the laws of the State of New York. The parties hereto hereby consent to the jurisdiction of the state and federal courts of the State and County of New York and the United States of America and agree that any dispute arising hereof shall be litigated in said jurisdiction.

23. Company Right To Reject Investors' Purchase. If the average closing bid

prices of the Shares for the 5 consecutive trading days prior to the date of purchase of any Series of Debentures by Investors is below \$.50 per Share, Company shall have the absolute right not to close on the sale of such Series of Debentures to Investors.

24. Investors' Obligation To Fund. Notwithstanding the foregoing Agreement,

the Investors shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Investors decide not to purchase the Series B or C or D Debentures, neither the Company nor the Investors shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Investors do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the parties hereto have signed this Agreement this 15th day of December, 1995.

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris
By: Peter Morris

Agreed To and Accepted By:

SELECT CAPITAL ADVISORS, INC.

/s/ Ronald G. Williams

By: Ronald G. Williams, Pres.

ISRAEL TRADING FUND LTD.

/s/ E. Schlisser

MANAGEMENT TECHNOLOGIES, INC.
630 THIRD AVENUE
NEW YORK, NEW YORK 10017

December 22, 1995

Israel Trading Fund Ltd.
50 Broad Street
New York, N.Y. 10017

Gentlemen:

This letter hereby amends that certain agreement dated December 15, 1995 between us (the 'Agreement') as follows:

1. Paragraph 1 is hereby amended to increase the amount of Series A Debentures from \$1,250,000 to \$1,950,000, and wherever said amount is mentioned in the Agreement it is hereby amended to read \$1,950,000.

I. 2. Other than as set forth above, all other terms of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement this 20th day of December, 1995.

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris

By: Peter Morris
President & COO

Agreed To and Accepted By:

SELECT CAPITAL ADVISORS, INC.

By: /s/ Ronald G. Williams
Ronald G. Williams, President

ISRAEL TRADING FUND LTD.

By:

AGREEMENT FOR CONSULTING SERVICES

This agreement is made this 27th day of November, 1995, in Denver, Colorado by and between Management Technologies, Inc., 335 Madison Avenue, New York, NY 10017, a New York Corporation, hereinafter referred to as 'MTCI' as Barrocas & Behzadi Investments, 820 Sixteenth Street, Ste 520, Denver, CO 80202, a Colorado Corporation, hereinafter referred to as 'Consultant'.

Section I

Purpose of Engagement

MTCI hereby contracts with Consultant to act as its advisor with respect to providing financial consulting which may include capital formation, establishment of credit lines, multiple financing strategies, and public relations support activities to MTCI.

Section II

Consultant's Fee

Client shall pay to Consultant for all services rendered, in accordance with Section I above, a fee of any gross proceeds raised as follows: 3% (U.S.) in cash, and 1% in unregistered Rule 144 securities based on the bid price of .75 cents or the bid price of stock at closing, whichever is lower. Consultant fees will be paid by MTCI and due upon receipt of any portion of any offering proceeds that may be received as a result of multiple closings.

Section III

Term

The term of this Agreement shall commence upon execution hereof and shall continue so long as neither party hereto shall provide notice of termination as defined herein below in section V.

Section IV

Reliance, Representations and Indemnification

All services and work produced by Consultant shall be deemed confidential, and for the exclusive use and benefit of MTCI only.

Section V

Termination

This agreement may be terminated at any time by either party providing ten (10) days notice of the same to the non-terminating party at the address indicated herein or such other address as the parties may so designate.

Section VI

Miscellaneous

1. Assignability - Neither party shall have the right to assign any right

or obligation under this Agreement without the prior written approval of the other party.

2. Severability - If any provision, paragraph or subparagraph of this

Agreement is adjudged by any court to be void or unenforceable in whole or in part, this adjudication shall not affect the validity of the remainder of the Agreement. Each provision, paragraph or subparagraph of this Agreement is including any other provision, paragraph or subparagraph of this Agreement is separable from every other provision, paragraph and subparagraph and constitutes a separate and distinct covenant.

3. Attorney Fees - If a dispute arises between the parties hereto and such

dispute can only be resolved by litigation then, in such case, the prevailing party in such litigation shall be entitled to recover all costs of such action, including but not limited to reasonable attorney fees.

4. Governing Law - This agreement shall be subject to and governed by the

laws of the state of Colorado.

5. Amendment - This agreement may only be amended in writing, duly endorsed

by the parties hereto.

IN WITNESS WHEREOF the parties have executed this Agreement effective the first
date written above.

Barrocas & Behzadi Investments

By: /s/ Fred Behzadi
Partner

Subject to minimum of 2M\$ being raised

Changed from 4 to 2 as per agreement of

Board

Management Technologies, Inc.

By: /s/ Paul Ekon
CEO

SERIES A DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT'), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. A-001

US\$600,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES A CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series A Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company') designated as its 9% Series A Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,250,000.

FOR VALUE RECEIVED, the Company promises to pay to Torah Vachesed Lezra Vesad, the registered holder hereof and its successors and assigns (the `Holder'), the principal sum of Six Hundred Thousand Dollars (US \$600,000) on December 31, 1997 (the `Maturity Date'), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series A Debenture (or one or more predecessor Series A Debentures) is registered on the records of the Company regarding registration and transfers of the Series A Debentures (the `Debenture Register'); provided, however, that the Company's obligation to a transferee of this Series A Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of December 20, 1995 between the Company and Torah Vachesed Lezra Vesad (the `Subscription Agreement'). The principal of, and interest on, this Series A Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series A Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series A Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Series A Debenture as of the tenth (10th) day prior to the Maturity Date and addressed

to such Holder at the last address appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series A Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series A Debenture is subject to the following additional provisions:

1. The Series A Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series A Debentures are exchangeable for an equal aggregate principal amount of Series A Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

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2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series A Debenture any amounts required to be withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.

3. This Series A Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series A Debenture, the Company and any agent of the Company may treat the person in whose name this Series A Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series A Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

4.

a) The Holder of this Series A Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series A Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$.48. Such conversion shall be effectuated by surrendering the Series A Debentures to be converted (with a copy, by facsimile or courier, to

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the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by the Holder

of this Series A Debenture evidencing such Holder's intention to convert this Series A Debenture or a specified portion (as above provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series A Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series A Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to (212) 557 6967.

- b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series A Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series A Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the

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forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series A Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

5. No provision of this Series A Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series A Debenture at the time, place, and rate, and in the coin currency, herein prescribed.
6. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.
7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any

amount due under this Series A Debenture.

8. If one or more of the following described 'Events of Default' shall occur:

a) The Company shall default in the payment of principal or interest on this Series A Debenture; or

b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any certificate or financial or

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other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of this Series A Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or

c) The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Series A Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or

d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or

e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or

f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or

g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate

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shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company

and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

- i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series A Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

9. No recourse shall be had for the payment of the principal of, or the interest on, this Series A Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.
10. The Holder of this Series A Debenture, by acceptance hereof, agrees that this Series A Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series A Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.
11. In case any provision of this Series A Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series A Debenture will not in any way be affected or impaired thereby.
12. This Series A Debenture and the agreements referred to in this Series A Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series A Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the

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13. This Debenture is one of a series of Company's Series A Debentures and all Debentures of this issue rank equally and ratably without priority over one another.
14. This Series A Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: December 20, 1995

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris

By: Peter Morris

Title: President and Chief Operating Officer

EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series A Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of the above Series A Debenture No. _____ into Shares of Common Stock of Management

Technologies, Inc. (the ``company'') according to the conditions set forth in such Series A Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series A Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

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* This original Series A Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH: office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$600,000 Series A Debentures (collectively, the `Series A Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

- a) The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;
- b) The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;
- c) The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;
- d) Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and

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released from any liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

- e) The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated: December 20, 1995

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

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By: /s/ Barry B. Globerman
Barry B. Globerman

By: /s/ Peter Morris
Peter Morris

December 20, 1995

24 Southwark Street
London
SE1 1TY
United Kingdom

Telephone
+44 (0)171 357 7292

Facsimile
+44 (0) 171 357 6650

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Torah Vachesed Lezra Vesad (the `Registered Holder'') is the registered holder of \$600,000 Series A Debentures of Management Technologies, Inc. (the `Corporation'') (collectively, the ``Debentures'');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globberman, Attorney of New York, New York, as escrow agent (the `Escrow Agent'') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during

business hours of;

- (1) proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
- (1) the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
- (1) this Treasury Order (collectively, the 'Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after February 5, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder. The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name		Number of Common Shares	Number of Debentures
-----		-----	-----
	Address		

Torah Vachased Lezra Vesad	2 Glasserstone Rd, London, N16 5QX, England		One in the amount of \$600,000

By: Peter
Morris
President and COO

On behalf of the Board of Directors of
Management Technologies, Inc.

December 20, 1995

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Torah Vachesh Lezra Vesad (the 'Registered Holder') is the registered holder of \$600,000 Series A Debentures of Management Technologies, Inc. (the 'Corporation') (collectively, the 'Debentures');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globerman, Attorney of New York, New York, as escrow agent (the 'Escrow Agent') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during business hours of:
- (1) proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
- (1) the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
- (1) this Treasury Order (collectively, the 'Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after February 5, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the

Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name -----	Address -----	Number of Common Shares -----	Number of Debentures -----
Torah Vachessed Lezra Vesad	2 Glasserstone Rd, London, N16 5QX, England		One in the amount of \$600,000

By: Peter
Morris
President and COO

On behalf of the Board of Directors of
Management Technologies, Inc.

December 20, 1995

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Rubina Watch Co. (the `Registered Holder'') is the registered holder of \$100,000 Series A Debentures of Management Technologies, Inc. (the `Corporation'') (collectively, the ``Debentures'');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globerman, Attorney of New York, New York, as escrow agent (the `Escrow Agent'') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during business hours of;

- (1) proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
- (1) the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
- (1) this Treasury Order (collectively, the `Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after February 5, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name -----	Number of Common Shares -----	Number of Debentures -----
Address -----		
Rubina Watch Co.	211 Hendrson Rd, Singapore,	One in the amount of

By: Peter
Morris
President and COO

On behalf of the Board of Directors of
Management Technologies, Inc.

December 20, 1995

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Aron Meyer Gee (the `Registered Holder'') is the registered holder of \$400,000 Series A Debentures of Management Technologies, Inc. (the `Corporation'') (collectively, the ``Debentures'');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globerman, Attorney of New York, New York, as escrow agent (the `Escrow Agent'') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during business hours of;

- (1) proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;

(1) the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and

(1) this Treasury Order (collectively, the 'Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after February 5, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name	Address	Number of Common Shares	Number of Debentures
-----	-----	-----	-----
Aron Meyer Gee	37 Bar Ilan Street, Jerusalem		One in the amount of \$400,000

By: Peter
Morris
President and COO

On behalf of the Board of Directors of

EXHIBIT A

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of December 20, 1995 (the `Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S (`Regulation S') as promulgated by the Securities and Exchange Commission (`SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned `Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as `Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE `1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a `Debenture,' and collectively, the `Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$600,000 for the Series A Debentures; \$1,500,000 for the Series B Debentures; \$1,500,000 for the Series C Debentures; and \$1,750,000 for the Series D Debentures (the `Purchase Price'), which

shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the 'Agreement') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the 'Closing Dates').

2. Buyer Representations; Access to Information.

- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:
- i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
 - ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
 - iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the 'Securities'), was made by Buyer in the United States;
 - iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
 - v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and will be offered or sold by Buyer to, or for the account or

benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other than distributors (the 'Restricted Period'), as certified by Buyer to Seller;

- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any 'directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Buyer of any of

the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

- xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;
 - xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and
 - xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.
- b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.
 - c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.
 - d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of Buyer's investment. Buyer has such knowledge and experience in

financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.

- e) Tax Status. Buyer is not a '10-percent Shareholder' (as defined in Section 871(h)(3)(B) of the U.S. Internal Revenue Code) of Seller.

3. Seller Representations.

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- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
 - b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
 - c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
 - i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
 - ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
 - iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
 - iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
 - v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser located in the United States or a purchaser which is a U.S.

Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.

- d) No Directed Selling Efforts. In regard to this transaction, none of Seller, its affiliates or persons acting on their behalf have conducted any `directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.
- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no pre-emptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act. Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a `stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek shareholder approval of such issuance.

11. Miscellaneous.

- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
- b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
- c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
- d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
- e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
- f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior written consent of the other, which consent shall not be unreasonably

withheld or delayed.

- g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.

/s/ Peter Morris

By: Peter Morris

Title: President & COO

Official Signatory of Buyer:

/s/ Solomon Sampson

By: Solomon Sampson

Title: Chairman

Address of Buyer:

PO Box 13109

Tel Aviv

SERIES A DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT'), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. A-002

US\$550,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES A CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series A Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company') designated as its 9% Series A Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,250,000.

FOR VALUE RECEIVED, the Company promises to pay to Shulamit Pritzker, the registered holder hereof and its successors and assigns (the `Holder'), the principal sum of Five Hundred Fifty Thousand Dollars (US \$550,000) on December 31, 1997 (the `Maturity Date'), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series A Debenture (or one or more predecessor Series A Debentures) is registered on the records of the Company regarding registration and transfers of the Series A Debentures (the `Debenture Register'); provided, however, that the Company's obligation to a transferee of this Series A Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of December 20, 1995 between the Company and Shulamit Pritzker (the `Subscription Agreement'). The principal of, and interest on, this Series A Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series A Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series A Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Series A Debenture as of the tenth (10th) day prior to the Maturity Date and addressed to such Holder at the last address

appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series A Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series A Debenture is subject to the following additional provisions:

1. The Series A Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series A Debentures are exchangeable for an equal aggregate principal amount of Series A Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series A Debenture any amounts required to be

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withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.

3. This Series A Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series A Debenture, the Company and any agent of the Company may treat the person in whose name this Series A Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series A Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

4.

a) The Holder of this Series A Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series A Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$.48. Such conversion shall be effectuated by surrendering the Series A Debentures to be converted (with a copy, by facsimile or courier, to the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by the Holder

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of this Series A Debenture evidencing such Holder's intention to convert this Series A Debenture or a specified portion (as above

provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series A Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series A Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to (212) 557 6967.

- b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series A Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series A Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for

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principal and interest on this Series A Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

5. No provision of this Series A Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series A Debenture at the time, place, and rate, and in the coin currency, herein prescribed.
6. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.
7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any amount due under this Series A Debenture.

8. If one or more of the following described 'vents of Default' shall occur:

- a) The Company shall default in the payment of principal or interest on this Series A Debenture; or
- b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of

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this Series A Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or

- c) The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Series A Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or
- d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or
- e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or
- f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or
- g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or

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unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

- h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any

action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

- i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series A Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

9. No recourse shall be had for the payment of the principal of, or the interest on, this Series A Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any

-7-

successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

10. The Holder of this Series A Debenture, by acceptance hereof, agrees that this Series A Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series A Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.
11. In case any provision of this Series A Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series A Debenture will not in any way be affected or impaired thereby.
12. This Series A Debenture and the agreements referred to in this Series A Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series A Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.

13. This Debenture is one of a series of Company's Series A Debentures and all Debentures of this issue rank equally and ratably without priority over one another.

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14. This Series A Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: December 19, 1995

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris
By: Peter Morris
Title: President and Chief Operating Officer

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EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series A Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of the above Series A Debenture No. _____ into Shares of Common Stock of Management

Technologies, Inc. (the ``company'') according to the conditions set forth in such Series A Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series A Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

-10-

* This original Series A Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH: office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$550,000 Series A Debentures (collectively, the `Series A Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

- a) The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;
- b) The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;
- c) The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;
- d) Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and

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released from any liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

- e) The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated: December 20, 1995

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

AGREED & ACCEPTED:

MANAGEMENT TECHNOLOGIES, INC.

-4-

By: /s/ Barry B. Globerman
Barry B. Globerman

By: /s/ Peter Morris
Peter Morris

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the ``corporation'') and the undersigned (the ``older'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$600,000 Series A Debentures (collectively, the `Series A Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the ``resolution and Agreement'').

-5-

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the ``ransfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule ``'. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the ``ifference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the ``eosit Documents'') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference

-6-

Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the

direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

(1) The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;

(1) The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;

(1) The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on

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conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;

(1) Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and released from any liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

(1) The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated:

Very truly yours,

WITNESS:

-8-

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

By:

By:

Peter Morris
President & COO

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

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MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation') and the undersigned (the `older') have requested that you (the ``Escrow Agent') act as their agent in respect of the conversion of \$100,000 Series A Debentures (collectively, the `Series A Debenture') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you

pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the 'Resolution and Agreement').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the 'Transfer Agent') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule 'A'. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the 'Difference Certificate'). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this

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Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

(1) The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the

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Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;

(1) The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;

(1) The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;

(1) Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and released from any liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

(1) The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

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This Agreement shall be governed by the substantive laws of the State of New York.

Dated:

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

By:

By:

Peter Morris
President & COO

ESCROW AGREEMENT

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Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the ``corporation'') and the undersigned (the ``Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$400,000 Series A Debentures (collectively, the ``Series A Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the ``Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the ``Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a

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copy of which is attached to this Escrow Agreement as Schedule ``'. In the

event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the 'Difference Certificate'). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a

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result other than the calculation upon which issue the Difference Certificate is based.

As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

(1) The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;

(1) The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;

(1) The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;

(1) Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and released from any

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liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

(1) The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated:

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

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By:

By:

Peter Morris
President & COO

December 20, 1995

24 Southwark Street
London
SE1 1TY
United Kingdom

Telephone
+44 (0)171 357 7292

Facsimile
+44 (0) 171 357 6650

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Shulamit Pritzker (the 'Registered Holder') is the registered holder of \$550,000 Series A Debentures of Management Technologies, Inc. (the 'Corporation') (collectively, the 'Debentures');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globberman, Attorney of New York, New York, as escrow agent (the 'Escrow Agent') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during

business hours of;

- (1) proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
- (1) the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
- (1) this Treasury Order (collectively, the 'Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after February 5, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder. The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name		Number of Common Shares	Number of Debentures
-----		-----	-----
	Address		

Shulamit Pritzker	28 Rachov Dov Sadan, Pisgat Zev Mizrach, Jerusalem, Israel		One in the amount of \$550,000

/s/ Peter Morris
By: Peter Morris
President & COO
On behalf of the Board of Directors of
Management Technologies, Inc.

EXHIBIT A

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of December 20, 1995 (the `Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S (`Regulation S') as promulgated by the Securities and Exchange Commission (`SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned `Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as `Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE `1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a `Debenture,' and collectively, the `Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$550,000 for the Series A Debentures; \$1,500,000 for the Series B Debentures; \$1,500,000 for the Series C Debentures; and \$1,750,000 for the Series D Debentures (the `Purchase Price'), which

shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the 'Agreement') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the 'Closing Dates').

2. Buyer Representations; Access to Information.

- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:
- i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
 - ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
 - iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the 'Securities'), was made by Buyer in the United States;
 - iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
 - v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and will be offered or sold by Buyer to, or for the account or

benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other than distributors (the 'Restricted Period'), as certified by Buyer to Seller;

- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any 'directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Buyer of any of

the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

- xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;
 - xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and
 - xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.
- b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.
 - c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.
 - d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of Buyer's investment. Buyer has such knowledge and experience in

financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.

- e) Tax Status. Buyer is not a '10-percent Shareholder' (as defined in Section 871(h)(3)(B) of the U.S. Internal Revenue Code) of Seller.

3. Seller Representations.

-
- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
 - b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
 - c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
 - i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
 - ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
 - iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
 - iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
 - v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser located in the United States or a purchaser which is a U.S.

Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.

- d) No Directed Selling Efforts. In regard to this transaction, none of Seller, its affiliates or persons acting on their behalf have conducted any `directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.
- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no pre-emptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act. Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a `stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek shareholder approval of such issuance.

11. Miscellaneous.

- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
- b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
- c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
- d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
- e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
- f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior written consent of the other, which consent shall not be unreasonably

withheld or delayed.

- g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.

/s/ Peter Morris

By: Peter Morris

Title: President & COO

Official Signatory of Buyer:

/s/ Shulamit Pritzker

By: Shulamit Pritzker

Title:

Address of Buyer:

Pisgat Zevi North

Jerusalem

SERIES A DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT'), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. A-004

US\$400,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES A CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series A Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company') designated as its 9% Series A Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,250,000.

FOR VALUE RECEIVED, the Company promises to pay to Aron Meyer Gee, the registered holder hereof and its successors and assigns (the `Holder'), the principal sum of Four Hundred Thousand Dollars (US \$400,000) on December 31, 1997 (the `Maturity Date'), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series A Debenture (or one or more predecessor Series A Debentures) is registered on the records of the Company regarding registration and transfers of the Series A Debentures (the `Debenture Register'); provided, however, that the Company's obligation to a transferee of this Series A Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of December 22, 1995 between the Company and Aron Meyer Gee (the `Subscription Agreement'). The principal of, and interest on, this Series A Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series A Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series A Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Series A Debenture as of the tenth (10th) day prior to the Maturity Date and addressed to such Holder at the last address

appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series A Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series A Debenture is subject to the following additional provisions:

1. The Series A Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series A Debentures are exchangeable for an equal aggregate principal amount of Series A Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series A Debenture any amounts required to be

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withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.

3. This Series A Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series A Debenture, the Company and any agent of the Company may treat the person in whose name this Series A Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series A Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

4.

a) The Holder of this Series A Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series A Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$.48. Such conversion shall be effectuated by surrendering the Series A Debentures to be converted (with a copy, by facsimile or courier, to the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by the Holder

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of this Series A Debenture evidencing such Holder's intention to convert this Series A Debenture or a specified portion (as above

provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series A Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series A Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to (212) 557 6967.

- b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series A Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series A Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for

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principal and interest on this Series A Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

5. No provision of this Series A Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series A Debenture at the time, place, and rate, and in the coin currency, herein prescribed.
6. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.
7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any amount due under this Series A Debenture.

8. If one or more of the following described 'vents of Default' shall occur:

- a) The Company shall default in the payment of principal or interest on this Series A Debenture; or
- b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of

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this Series A Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or

- c) The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Series A Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or
- d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or
- e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or
- f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or
- g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or

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unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

- h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any

action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

- i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series A Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

9. No recourse shall be had for the payment of the principal of, or the interest on, this Series A Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any

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successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

10. The Holder of this Series A Debenture, by acceptance hereof, agrees that this Series A Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series A Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.
11. In case any provision of this Series A Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series A Debenture will not in any way be affected or impaired thereby.
12. This Series A Debenture and the agreements referred to in this Series A Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series A Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.

13. This Debenture is one of a series of Company's Series A Debentures and all Debentures of this issue rank equally and ratably without priority over one another.

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14. This Series A Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: December 22, 1995

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris
By: Peter Morris
Title: President and Chief Operating Officer

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EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series A Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of the above Series A Debenture No. _____ into Shares of Common Stock of Management

Technologies, Inc. (the ``company'') according to the conditions set forth in such Series A Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series A Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

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* This original Series A Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH: office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$400,000 Series A Debentures (collectively, the `Series A Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

(1) The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;

(1) The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;

(1) The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;

(1) Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and released from any liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

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(1) The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated:
December 22, 1995

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

AGREED & ACCEPTED:

MANAGEMENT TECHNOLOGIES, INC.

By:/s/ Barry B. Globerman

By:/s/ Peter Morris

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Peter Morris
President & COO

December 20, 1995

24 Southwark Street
London
SE1 1TY
United Kingdom

Telephone
+44 (0)171 357 7292

Facsimile
+44 (0) 171 357 6650

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Aron Meyer Gee (the 'Registered Holder') is the registered holder of \$400,000 Series A Debentures of Management Technologies, Inc. (the 'Corporation') (collectively, the 'Debentures');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globberman, Attorney of New York, New York, as escrow agent (the 'Escrow Agent') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during

business hours of;

- (1) proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
- (1) the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
- (1) this Treasury Order (collectively, the 'Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after February 5, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder. The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name	Address	Number of Common Shares	Number of Debentures
-----	-----	-----	-----
Aron Meyer Gee	37 Bar Ilan Street, Jerusalem		One in the amount of \$400,000

/s/ Peter Morris
By: Peter
Morris
President and COO

On behalf of the Board of Directors of
Management Technologies, Inc.

EXHIBIT A

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of December 22, 1995 (the `Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S (`Regulation S') as promulgated by the Securities and Exchange Commission (`SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned `Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as `Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE `1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a `Debenture,' and collectively, the `Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$400,000 for the Series A Debentures; \$1,500,000 for the Series B Debentures; \$1,500,000 for the Series C Debentures; and

\$1,750,000 for the Series D Debentures (the `Purchase Price'), which shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the `Agreement') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the `Closing Dates').

2. Buyer Representations; Access to Information.

-
- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:
- i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
 - ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
 - iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the `Securities'), was made by Buyer in the United States;
 - iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
 - v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and

will be offered or sold by Buyer to, or for the account or benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other than distributors (the 'Restricted Period'), as certified by Buyer to Seller;

- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any 'directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and

will not conflict with or result in a breach by Buyer of any of the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

- xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;
 - xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and
 - xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.
- b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.
 - c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.
 - d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of

Buyer's investment. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.

- e) Tax Status. Buyer is not a '10-percent Shareholder' (as defined in Section 871(h)(3)(B) of the U.S. Internal Revenue Code) of Seller.

3. Seller Representations.

- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
- b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
- c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
 - i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
 - ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
 - iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
 - iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
 - v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser

located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.

- d) No Directed Selling Efforts. In regard to this transaction, none of Seller, its affiliates or persons acting on their behalf have conducted any 'directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.
- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no pre-emptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act. Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a `stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek shareholder approval of such issuance.

11. Miscellaneous.

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- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
 - b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
 - c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
 - d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
 - e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
 - f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior

written consent of the other, which consent shall not be unreasonably withheld or delayed.

- g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.

/s/ Peter Morris

By: Peter Morris

Title: President & COO

Official Signatory of Buyer:

/s/ Aron Meyer Gee

By: Aron Meyer Gee

Title:

Address of Buyer:
37 Bar Ilan Street
Jerusalem

SERIES A DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT'), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. A-006

US\$200,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES A CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series A Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company') designated as its 9% Series A Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,250,000.

FOR VALUE RECEIVED, the Company promises to pay to Dovasar S.A., the registered holder hereof and its successors and assigns (the `Holder'), the principal sum of Two Hundred Thousand Dollars (US \$200,000) on December 31, 1997 (the `Maturity Date'), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series A Debenture (or one or more predecessor Series A Debentures) is registered on the records of the Company regarding registration and transfers of the Series A Debentures (the `Debenture Register'); provided, however, that the Company's obligation to a transferee of this Series A Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of December 29, 1995 between the Company and the Holder (the `Subscription Agreement'). The principal of, and interest on, this Series A Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series A Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series A Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Series A Debenture as of the tenth (10th) day prior to the Maturity Date and addressed to such Holder at the last address

appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series A Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series A Debenture is subject to the following additional provisions:

I. The Series A Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series A Debentures are exchangeable for an equal aggregate principal amount of Series A Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

I. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series A Debenture any amounts required to be withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.

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I. This Series A Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series A Debenture, the Company and any agent of the Company may treat the person in whose name this Series A Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series A Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

I. (a) The Holder of this Series A Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series A Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$.48. Such conversion shall be effectuated by surrendering the Series A Debentures to be converted (with a copy, by facsimile or courier, to the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by the Holder of this Series A Debenture evidencing such Holder's intention to convert this Series A Debenture or a specified portion (as above provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will

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be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the

Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series A Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series A Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to 1 212 557 6967.

(b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series A Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series A Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series A Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

I. No provision of this Series A Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series A Debenture at the time, place, and rate, and in the coin currency, herein prescribed.

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I. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.

7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any amount due under this Series A Debenture.

8. If one or more of the following described 'events of Default' shall occur:

(a) The Company shall default in the payment of principal or interest on this Series A Debenture; or

(b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any

certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of this Series A Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or

(c) The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Series A

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Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or

(d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or

(e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or

(f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or

(g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

(h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy

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law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

(i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series A Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

9. No recourse shall be had for the payment of the principal of, or the interest on, this Series A Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

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10. The Holder of this Series A Debenture, by acceptance hereof, agrees that this Series A Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series A Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.

11. In case any provision of this Series A Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series A Debenture will not in any way be affected or impaired thereby.

12. This Series A Debenture and the agreements referred to in this Series A Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series A Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.

13. This Debenture is one of a series of Company's Series A Debentures and all Debentures of this issue rank equally and ratably without priority over one another.

14. This Series A Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

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Dated: 29 December, 1995

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris
By: Peter Morris
Title: President & COO

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EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series A Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of the above Series A Debenture No. _____ into Shares of Common Stock of Management Technologies, Inc. (the 'Company') according to the conditions set forth in

such Series A Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series A Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

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* This original Series A Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH: office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$200,000 Series A Debentures (collectively, the `Series A Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

- a) The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;
- b) The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;
- c) The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;
- d) Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and

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released from any liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

- e) The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated: December 29, 1995

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

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By: /s/ Barry B. Globerman
Barry B. Globerman

By: /s/ Peter Morris
Peter Morris

December 29, 1995

American Stock Transfer
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Dovasar S.A. (the 'Registered Holder') is the registered holder of \$200,000 Series A Debentures of Management Technologies, Inc. (the 'Corporation') (collectively, the 'Debentures');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globerman, Attorney of New York, New York, as escrow agent (the 'Escrow Agent') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during business hours of:
 - (1) proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
 - (1) the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
 - (1) this Treasury Order (collectively, the 'Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after February

5, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name -----	Address -----	Number of Common Shares -----	Number of Debentures -----
Dovasar S.A.	c/o Gondla P.O. Box 2218 8040 Zurich Switzerland		One in the amount of \$200,000

/s/ Peter Morris
By: Peter Morris
President and COO

On behalf of the Board of Directors of
Management Technologies, Inc.

EXHIBIT A

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of December 29, 1995 (the `Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S (`Regulation S') as promulgated by the Securities and Exchange Commission (`SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned `Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as `Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE `1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a `Debenture,' and collectively, the `Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$200,000 for the Series A Debentures; \$1,500,000 for the Series B Debentures; \$1,500,000 for the Series C Debentures; and \$1,750,000 for the Series D Debentures (the `Purchase Price'), which

shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the 'Agreement') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the 'Closing Dates').

2. Buyer Representations; Access to Information.

- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:
- i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
 - ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
 - iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the 'Securities'), was made by Buyer in the United States;
 - iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
 - v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and will be offered or sold by Buyer to, or for the account or

benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other than distributors (the 'Restricted Period'), as certified by Buyer to Seller;

- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any 'directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Buyer of any of

the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

- xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;
 - xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and
 - xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.
- b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.
 - c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.
 - d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of Buyer's investment. Buyer has such knowledge and experience in

financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.

- e) Tax Status. Buyer is not a '10-percent Shareholder' (as defined in Section 871(h)(3)(B) of the U.S. Internal Revenue Code) of Seller.

3. Seller Representations.

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- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
 - b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
 - c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
 - i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
 - ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
 - iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
 - iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
 - v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser located in the United States or a purchaser which is a U.S.

Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.

- d) No Directed Selling Efforts. In regard to this transaction, none of Seller, its affiliates or persons acting on their behalf have conducted any `directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.
- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no pre-emptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act. Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a `stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek shareholder approval of such issuance.

11. Miscellaneous.

- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
- b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
- c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
- d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
- e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
- f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior written consent of the other, which consent shall not be unreasonably

withheld or delayed.

- g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.
/s/ Peter Morris

By: Peter Morris

Title: President & COO

Official Signatory of Buyer:

Dovasar S.A.

By:

Title:

Address of Buyer:
c/o Gonda
P.O. Box 2218
8040 Zurich

SERIES A DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT'), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. A-005

US\$100,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES A CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series A Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company') designated as its 9% Series A Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,250,000.

FOR VALUE RECEIVED, the Company promises to pay to Chava Fischman, the registered holder hereof and its successors and assigns (the `Holder'), the principal sum of One Hundred Thousand Dollars (US \$100,000) on December 31, 1997 (the `Maturity Date'), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series A Debenture (or one or more predecessor Series A Debentures) is registered on the records of the Company regarding registration and transfers of the Series A Debentures (the `Debenture Register'); provided, however, that the Company's obligation to a transferee of this Series A Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of December 22, 1995 between the Company and Holder (the `Subscription Agreement'). The principal of, and interest on, this Series A Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series A Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series A Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Series A Debenture as of the tenth (10th) day prior to the Maturity Date and addressed to such Holder at the last address

appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series A Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series A Debenture is subject to the following additional provisions:

1. The Series A Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series A Debentures are exchangeable for an equal aggregate principal amount of Series A Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series A Debenture any amounts required to be

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withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.

3. This Series A Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series A Debenture, the Company and any agent of the Company may treat the person in whose name this Series A Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series A Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

4.

a) The Holder of this Series A Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series A Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$.48. Such conversion shall be effectuated by surrendering the Series A Debentures to be converted (with a copy, by facsimile or courier, to the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by the Holder

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of this Series A Debenture evidencing such Holder's intention to convert this Series A Debenture or a specified portion (as above

provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series A Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series A Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to (212) 557 6967.

- b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series A Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series A Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for

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principal and interest on this Series A Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

5. No provision of this Series A Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series A Debenture at the time, place, and rate, and in the coin currency, herein prescribed.
6. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.
7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any amount due under this Series A Debenture.

8. If one or more of the following described 'vents of Default' shall occur:

- a) The Company shall default in the payment of principal or interest on this Series A Debenture; or
- b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of

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this Series A Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or

- c) The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Series A Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or
- d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or
- e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or
- f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or
- g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or

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unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

- h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any

action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

- i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series A Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

9. No recourse shall be had for the payment of the principal of, or the interest on, this Series A Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any

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successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

10. The Holder of this Series A Debenture, by acceptance hereof, agrees that this Series A Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series A Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.
11. In case any provision of this Series A Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series A Debenture will not in any way be affected or impaired thereby.
12. This Series A Debenture and the agreements referred to in this Series A Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series A Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.

13. This Debenture is one of a series of Company's Series A Debentures and all Debentures of this issue rank equally and ratably without priority over one another.

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14. This Series A Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: December 29, 1995

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris

By: Peter Morris

Title: President and Chief Operating Officer

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EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series A Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of the above Series A Debenture No. _____ into Shares of Common Stock of Management

Technologies, Inc. (the ``company'') according to the conditions set forth in such Series A Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series A Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

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* This original Series A Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH: office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$100,000 Series A Debentures (collectively, the `Series A Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

- a) The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;
- b) The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;
- c) The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;
- d) Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and

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released from any liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

- e) The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated: December 29, 1995

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

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By: /s/ Barry B. Globerman
Barry B. Globerman

By: /s/ Peter Morris
Peter Morris

December 29, 1995

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Chava Fischman (the 'Registered Holder') is the registered holder of \$100,000 Series A Debentures of Management Technologies, Inc. (the 'Corporation') (collectively, the 'Debentures');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globerman, Attorney of New York, New York, as escrow agent (the 'Escrow Agent') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during business hours of:
 - (1) proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
 - (1) the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
 - (1) this Treasury Order (collectively, the 'Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after February 5, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the

Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name -----	Address -----	Number of Common Shares -----	Number of Debentures -----
Chava Fischman	Hony Hamagel 7 Jerusalem Israel		One in the amount of \$100,000

/s/ Peter Morris
By: Peter Morris
President and COO

On behalf of the Board of Directors of
Management Technologies, Inc.

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of December 29, 1995 (the `Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S (`Regulation S') as promulgated by the Securities and Exchange Commission (`SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned `Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as `Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE `1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a `Debenture,' and collectively, the `Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$100,000 for the Series A Debentures; \$1,500,000 for the Series B Debentures; \$1,500,000 for the Series C Debentures; and \$1,750,000 for the Series D Debentures (the `Purchase Price'), which shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the

`Agreement'') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the `Closing Dates').

2. Buyer Representations; Access to Information.

- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:

- i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
- ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
- iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the `Securities'), was made by Buyer in the United States;
- iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
- v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and will be offered or sold by Buyer to, or for the account or benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of

- (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other than distributors (the 'Restricted Period'), as certified by Buyer to Seller;
- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any 'directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Buyer of any of the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive

documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;

xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and

xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.

b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.

c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.

d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of Buyer's investment. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.

- e) Tax Status. Buyer is not a '10-percent Shareholder' (as defined in Section 871(h)(3)(B) of the U.S. Internal Revenue Code) of Seller.

3. Seller Representations.

- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
- b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
- c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
- i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
- ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
- iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
- iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
- v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.

- d) No Directed Selling Efforts. In regard to this transaction, none of Seller, its affiliates or persons acting on their behalf have conducted any `directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.
- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no pre-emptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act.

Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a 'stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek

shareholder approval of such issuance.

11. Miscellaneous.

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- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
 - b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
 - c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
 - d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
 - e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
 - f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.

g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.

/s/ Peter Morris

By: Peter Morris

Title: President & COO

Official Signatory of Buyer:

/s/

By:

Title:

Address of Buyer:

Hony Hamagel 7

Jerusalem Israel

SERIES B DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT'), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. B-001

US\$300,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES B CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series B Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company') designated as its 9% Series B Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,500,000.

FOR VALUE RECEIVED, the Company promises to pay to Henry Zieleniec, the registered holder hereof and its successors and assigns (the `Holder'), the principal sum of Three Hundred Thousand Dollars (US \$300,000) on December 31, 1997 (the `Maturity Date'), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series B Debenture (or one or more predecessor Series B Debentures) is registered on the records of the Company regarding registration and transfers of the Series B Debentures (the `Debenture Register'); provided, however, that the Company's obligation to a transferee of this Series B Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of January 25, 1996 between the Company and Holder (the `Subscription Agreement'). The principal of, and interest on, this Series B Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series B Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series B Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Series B Debenture as of the tenth (10th) day prior to the Maturity Date and addressed to such Holder at the last address

appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series B Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series B Debenture is subject to the following additional provisions:

1. The Series B Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series B Debentures are exchangeable for an equal aggregate principal amount of Series B Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series B Debenture any amounts required to be

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withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.

3. This Series B Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series B Debenture, the Company and any agent of the Company may treat the person in whose name this Series B Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series B Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

4.

a) The Holder of this Series B Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series B Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$.53. Such conversion shall be effectuated by surrendering the Series B Debentures to be converted (with a copy, by facsimile or courier, to the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by the Holder

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of this Series B Debenture evidencing such Holder's intention to convert this Series B Debenture or a specified portion (as above

provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series B Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series B Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to (212) 557 6967.

- b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series B Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series B Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for

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principal and interest on this Series B Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

5. No provision of this Series B Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series B Debenture at the time, place, and rate, and in the coin currency, herein prescribed.
6. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.
7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any amount due under this Series B Debenture.

8. If one or more of the following described 'vents of Default' shall occur:

- a) The Company shall default in the payment of principal or interest on this Series B Debenture; or
- b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of

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this Series B Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or

- c) The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Series B Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or
- d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or
- e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or
- f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or
- g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or

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unstayd for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

- h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any

action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

- i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series B Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

9. No recourse shall be had for the payment of the principal of, or the interest on, this Series B Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any

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successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

10. The Holder of this Series B Debenture, by acceptance hereof, agrees that this Series B Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series B Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.
11. In case any provision of this Series B Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series B Debenture will not in any way be affected or impaired thereby.
12. This Series B Debenture and the agreements referred to in this Series B Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series B Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.

13. This Debenture is one of a series of Company's Series B Debentures and all Debentures of this issue rank equally and ratably without priority over one another.

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14. This Series B Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: January 25, 1996

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris

By: Peter Morris

Title: President and Chief Operating Officer

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EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series B Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of the above Series B Debenture No. _____ into Shares of Common Stock of Management

Technologies, Inc. (the ``company'') according to the conditions set forth in such Series B Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series B Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

* This original Series B Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH: office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$300,000 Series B Debentures (collectively, the `Series B Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

1. The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;
2. The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;
3. The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;
4. Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and released from any

-3-

liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

5. The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated: January 25, 1996

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

-4-

By: _____

By: /s/ Peter Morris

Peter Morris
President & COO

January 25, 1996

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

630 Third Avenue
15th Floor
New York
NY 10017
USA

Gentlemen:

Telephone:

+1 (212) 983 5620

TREASURY ORDER

Facsimile:

WHEREAS:

+1 (212) 557 6967

- A. Henry Zielleniec (the `Registered Holder'') is the registered holder of \$300,000 Series B Debentures of Management Technologies, Inc. (the `Corporation'') (collectively, the ``Debentures'');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globberman, Attorney of New York, New York, as escrow agent (the `Escrow Agent'') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during business hours of;
1. proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
 2. the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
 3. this Treasury Order (collectively, the `Conversion Documents'').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after March 11, 1996, a share certificate or certificates without legend or stop transfer order

representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name -----	Address -----	Number of Common Shares -----	Number of Debentures -----
Henry Zieleniec	413 Lytton Blvd. Toronto, Ont. Canada M5n 1S3		One in the amount of \$300,000

/s/ Peter
Morris
By: Peter
Morris
President & Chief Operating Officer

On behalf of the Board of Directors of
Management Technologies, Inc.

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of January 25, 1996 (the 'Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S ('Regulation S') as promulgated by the Securities and Exchange Commission ('SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned 'Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as 'Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE '1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a 'Debenture,' and collectively, the 'Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$300,000 for the Series B Debentures (the 'Purchase Price'), which shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the 'Agreement') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing

by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the `Closing Dates`).

2. Buyer Representations; Access to Information.

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- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:
 - i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
 - ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
 - iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the `Securities`), was made by Buyer in the United States;
 - iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
 - v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and will be offered or sold by Buyer to, or for the account or benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other

than distributors (the `Restricted Period'), as certified by Buyer to Seller;

- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any `directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Buyer of any of the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party

or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;

xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and

xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.

b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.

c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.

d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of Buyer's investment. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.

e) Tax Status. Buyer is not a '10-percent Shareholder'' (as defined in

3. Seller Representations.

- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
- b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
- c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
 - i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
 - ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
 - iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
 - iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
 - v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.
- d) No Directed Selling Efforts. In regard to this transaction, none of

Seller, its affiliates or persons acting on their behalf have conducted any 'directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.

- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no preemptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act. Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a `stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek shareholder approval of such issuance.

11. Miscellaneous.

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- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
 - b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
 - c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
 - d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
 - e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
 - f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.
 - g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers

decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.

/s/ Peter Morris

By: Peter Morris

Title: President & COO

Official Signatory of Buyer:

/s/ Henry Zieleniec

By: Henry Zieleniec

Title:

Address of Buyer:

413 Lytton Blvd.

Toronto, Ont.

SERIES B DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT'), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. B-002

US\$100,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES B CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series B Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company') designated as its 9% Series B Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,500,000.

FOR VALUE RECEIVED, the Company promises to pay to Raphael Lapidus, the registered holder hereof and its successors and assigns (the `Holder'), the principal sum of One Hundred Thousand Dollars (US \$100,000) on December 31, 1997 (the `Maturity Date'), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series B Debenture (or one or more predecessor Series B Debentures) is registered on the records of the Company regarding registration and transfers of the Series B Debentures (the `Debenture Register'); provided, however, that the Company's obligation to a transferee of this Series B Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of January 29, 1996 between the Company and Holder (the `Subscription Agreement'). The principal of, and interest on, this Series B Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series B Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series B Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Series B Debenture as of the tenth (10th) day prior to the Maturity Date and addressed to such Holder at the last address

appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series B Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series B Debenture is subject to the following additional provisions:

1. The Series B Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series B Debentures are exchangeable for an equal aggregate principal amount of Series B Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series B Debenture any amounts required to be

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withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.

3. This Series B Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series B Debenture, the Company and any agent of the Company may treat the person in whose name this Series B Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series B Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

4.

a) The Holder of this Series B Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series B Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$.53. Such conversion shall be effectuated by surrendering the Series B Debentures to be converted (with a copy, by facsimile or courier, to the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by the Holder

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of this Series B Debenture evidencing such Holder's intention to convert this Series B Debenture or a specified portion (as above

provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series B Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series B Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to (212) 557 6967.

- b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series B Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series B Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for

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principal and interest on this Series B Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

5. No provision of this Series B Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series B Debenture at the time, place, and rate, and in the coin currency, herein prescribed.
6. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.
7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any amount due under this Series B Debenture.

8. If one or more of the following described 'vents of Default' shall occur:

- a) The Company shall default in the payment of principal or interest on this Series B Debenture; or
- b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of

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this Series B Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or

- c) The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Series B Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or
- d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or
- e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or
- f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or
- g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or

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unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

- h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any

action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

- i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series B Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

9. No recourse shall be had for the payment of the principal of, or the interest on, this Series B Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any

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successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

10. The Holder of this Series B Debenture, by acceptance hereof, agrees that this Series B Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series B Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.
11. In case any provision of this Series B Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series B Debenture will not in any way be affected or impaired thereby.
12. This Series B Debenture and the agreements referred to in this Series B Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series B Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.

13. This Debenture is one of a series of Company's Series B Debentures and all Debentures of this issue rank equally and ratably without priority over one another.

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14. This Series B Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: January 29, 1996

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris

By: Peter Morris

Title: President and Chief Operating Officer

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EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series B Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of the above Series B Debenture No. _____ into Shares of Common Stock of Management

Technologies, Inc. (the ``company'') according to the conditions set forth in such Series B Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series B Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

* This original Series B Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH: office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$100,000 Series B Debentures (collectively, the `Series B Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

1. The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;
2. The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;
3. The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;
4. Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and released from any

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liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

5. The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated: January 29, 1996

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

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By: _____

By: /s/ Peter Morris

Peter Morris
President & COO

24 Southwark Street
London
SE1 1TY
United Kingdom

Telephone
+44 (0)171 357 7292

Facsimile
+44 (0) 171 357 6650

January 29, 1996

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Raphael Lapidus (the `Registered Holder'`) is the registered holder of \$100,000 Series B Debentures of Management Technologies, Inc. (the `Corporation'`) (collectively, the ``Debentures'');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globberman, Attorney of New York, New York, as escrow agent (the `Escrow Agent'`) for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of

validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during business hours of;

1. proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
2. the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
3. this Treasury Order (collectively, the 'Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after March 14, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name	Address	Number of Common Shares	Number of Debentures
-----	-----	-----	-----
Raphael Lapidus	Vermonte 2861 1213 BA Argentina		One in the amount of \$100,000

/s/ Peter
Morris
By: Peter
Morris
President & Chief Operating Officer

On behalf of the Board of Directors of

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of January 29, 1996 (the 'Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S ('Regulation S') as promulgated by the Securities and Exchange Commission ('SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned 'Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as 'Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE '1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a 'Debenture,' and collectively, the 'Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$100,000 for the Series B Debentures (the 'Purchase Price'), which shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the 'Agreement') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing

by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the `Closing Dates`).

2. Buyer Representations; Access to Information.

-
- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:
 - i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
 - ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
 - iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the `Securities`), was made by Buyer in the United States;
 - iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
 - v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and will be offered or sold by Buyer to, or for the account or benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other

than distributors (the 'Restricted Period'), as certified by Buyer to Seller;

- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any 'directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Buyer of any of the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party

or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

- xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;
 - xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and
 - xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.
- b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.
 - c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.
 - d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of Buyer's investment. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.
 - e) Tax Status. Buyer is not a '10-percent Shareholder'' (as defined in

3. Seller Representations.

- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
- b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
- c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
 - i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
 - ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
 - iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
 - iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
 - v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.
- d) No Directed Selling Efforts. In regard to this transaction, none of

Seller, its affiliates or persons acting on their behalf have conducted any 'directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.

- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no preemptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act. Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a `stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to -----

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in -----

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date -----

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek shareholder approval of such issuance.

11. Miscellaneous.

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- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
 - b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
 - c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
 - d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
 - e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
 - f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.
 - g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers

decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.

/s/ Peter Morris

By: Peter Morris

Title: President & COO

Official Signatory of Buyer:

/s/ Raphael Lapidus

By: Raphael Lapidus

Title:

Address of Buyer:

Vermonte 2861

1213 BA Argentina

SERIES B DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT'), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. B-003

US\$100,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES B CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series B Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company') designated as its 9% Series B Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,500,000.

FOR VALUE RECEIVED, the Company promises to pay to Miriam Herzl, the registered holder hereof and its successors and assigns (the `Holder'), the principal sum of One Hundred Thousand Dollars (US \$100,000) on December 31, 1997 (the `Maturity Date'), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series B Debenture (or one or more predecessor Series B Debentures) is registered on the records of the Company regarding registration and transfers of the Series B Debentures (the `Debenture Register'); provided, however, that the Company's obligation to a transferee of this Series B Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of January 29, 1996 between the Company and Holder (the `Subscription Agreement'). The principal of, and interest on, this Series B Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series B Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series B Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Series B Debenture as of the tenth (10th) day prior to the Maturity Date and addressed to such Holder at the last address

appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series B Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series B Debenture is subject to the following additional provisions:

1. The Series B Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series B Debentures are exchangeable for an equal aggregate principal amount of Series B Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series B Debenture any amounts required to be

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withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.

3. This Series B Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series B Debenture, the Company and any agent of the Company may treat the person in whose name this Series B Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series B Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

4.

a) The Holder of this Series B Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series B Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$.53. Such conversion shall be effectuated by surrendering the Series B Debentures to be converted (with a copy, by facsimile or courier, to the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by the Holder

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of this Series B Debenture evidencing such Holder's intention to convert this Series B Debenture or a specified portion (as above

provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series B Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series B Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to (212) 557 6967.

- b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series B Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series B Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for

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principal and interest on this Series B Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

5. No provision of this Series B Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series B Debenture at the time, place, and rate, and in the coin currency, herein prescribed.
6. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.
7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any amount due under this Series B Debenture.

8. If one or more of the following described 'vents of Default' shall occur:

- a) The Company shall default in the payment of principal or interest on this Series B Debenture; or
- b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of

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this Series B Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or

- c) The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Series B Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or
- d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or
- e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or
- f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or
- g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or

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unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

- h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any

action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

- i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series B Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

9. No recourse shall be had for the payment of the principal of, or the interest on, this Series B Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any

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successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

10. The Holder of this Series B Debenture, by acceptance hereof, agrees that this Series B Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series B Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.
11. In case any provision of this Series B Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series B Debenture will not in any way be affected or impaired thereby.
12. This Series B Debenture and the agreements referred to in this Series B Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series B Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.

13. This Debenture is one of a series of Company's Series B Debentures and all Debentures of this issue rank equally and ratably without priority over one another.

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14. This Series B Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: January 29, 1996

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris

By: Peter Morris

Title: President and Chief Operating Officer

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EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series B Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of the above Series B Debenture No. _____ into Shares of Common Stock of Management

Technologies, Inc. (the ``company'') according to the conditions set forth in such Series B Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series B Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

* This original Series B Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH: office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$100,000 Series B Debentures (collectively, the `Series B Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

1. The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;
2. The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;
3. The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;
4. Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and released from any

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liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

5. The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated: January 29, 1996

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

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By: _____

By: /s/ Peter Morris

Peter Morris
President & COO

24 Southwark Street
London
SE1 1TY
United Kingdom

Telephone
+44 (0)171 357 7292

Facsimile
+44 (0) 171 357 6650

January 29, 1996

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Miriam Herzel (the `Registered Holder'') is the registered holder of \$100,000 Series B Debentures of Management Technologies, Inc. (the `Corporation'') (collectively, the ``Debentures'');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globerman, Attorney of New York, New York, as escrow agent (the `Escrow Agent'') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer

agent of the Corporation in New York, at your address set out above during business hours of;

1. proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
2. the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
3. this Treasury Order (collectively, the `Conversion Documents').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after March 14, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name		Number of Common Shares	Number of Debentures
-----		-----	-----
	Address		

Miriam Herzl	8 Yoel St Bwei Baral Israel		One in the amount of \$100,000

/s/ Peter
Morris
By: Peter
Morris
President & Chief Operating Officer

On behalf of the Board of Directors of
Management Technologies, Inc.

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of January 29, 1996 (the `Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S (`Regulation S') as promulgated by the Securities and Exchange Commission (`SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned `Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as `Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE `1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a `Debenture,' and collectively, the `Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$100,000 for the Series B Debentures (the `Purchase Price'), which shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the `Agreement') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing

by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the `Closing Dates').

2. Buyer Representations; Access to Information.

-
- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:
 - i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
 - ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
 - iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the `Securities'), was made by Buyer in the United States;
 - iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
 - v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and will be offered or sold by Buyer to, or for the account or benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other

than distributors (the 'Restricted Period'), as certified by Buyer to Seller;

- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any 'directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principles of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Buyer of any of the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party

or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

- xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;
 - xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and
 - xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.
- b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.
 - c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.
 - d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of Buyer's investment. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.
 - e) Tax Status. Buyer is not a '10-percent Shareholder'' (as defined in

3. Seller Representations.

- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
- b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
- c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
 - i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
 - ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
 - iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
 - iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
 - v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.
- d) No Directed Selling Efforts. In regard to this transaction, none of

Seller, its affiliates or persons acting on their behalf have conducted any 'directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.

- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no preemptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act. Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a `stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek shareholder approval of such issuance.

11. Miscellaneous.

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- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
 - b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
 - c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
 - d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
 - e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
 - f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.
 - g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers

decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.

/s/ Peter Morris
By: Peter Morris

Title: President & COO
Official Signatory of Buyer:

/s/ Miriam Herzel

By: Miriam Herzel

Title:

Address of Buyer:
8 Yoel Street
Bwel Barbel

SERIES B DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT''), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. B-004

US\$400,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES B CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series B Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company'') designated as its 9% Series B Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,500,000.

FOR VALUE RECEIVED, the Company promises to pay to Yoseph Yud, the registered holder hereof and its successors and assigns (the `Holder''), the principal sum of Four Hundred Thousand Dollars (US \$400,000) on December 31, 1997 (the `Maturity Date''), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series B Debenture (or one or more predecessor Series B Debentures) is registered on the records of the Company regarding registration and transfers of the Series B Debentures (the `Debenture Register''); provided, however, that the Company's obligation to a transferee of this Series B Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of January 29, 1996 between the Company and Holder (the `Subscription Agreement'). The principal of, and interest on, this Series B Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series B Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series B Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the

Holder of this Series B Debenture as of the tenth (10th) day prior to the Maturity Date and addressed to such Holder at the last address appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series B Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series B Debenture is subject to the following additional provisions:

1. The Series B Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series B Debentures are exchangeable for an equal aggregate principal amount of Series B Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.
2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series B Debenture any amounts required to be -
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withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.
3. This Series B Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series B Debenture, the Company and any agent of the Company may treat the person in whose name this Series B Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series B Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.
4.
 - a) The Holder of this Series B Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series B Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$.53. Such conversion shall be effectuated by surrendering the Series B Debentures to be converted (with a copy, by facsimile or courier, to the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by the Holder

of this Series B Debenture evidencing such Holder's intention to convert this Series B Debenture or a specified portion (as above provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series B Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series B Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to (212) 557 6967.

- b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series B Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series B Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for

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principal and interest on this Series B Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

5. No provision of this Series B Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series B Debenture at the time, place, and rate, and in the coin currency, herein prescribed.
6. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any

amount called for hereunder.

7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any amount due under this Series B Debenture.
8. If one or more of the following described "events of Default" shall occur:
 - a) The Company shall default in the payment of principal or interest on this Series B Debenture; or
 - b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of
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this Series B Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or
 - c) The Company shall fail to perform or observe, in any material respect,
any other covenant, term, provision, condition, agreement or obligation of the Company under this Series B Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or
 - d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or
 - e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or
 - f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or
 - g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or

unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

- h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or
- i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series B Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

- 9. No recourse shall be had for the payment of the principal of, or the interest on, this Series B Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any

successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

- 10. The Holder of this Series B Debenture, by acceptance hereof, agrees that this Series B Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series B Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.
- 11. In case any provision of this Series B Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if

possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series B Debenture will not in any way be affected or impaired thereby.

12. This Series B Debenture and the agreements referred to in this Series B Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series B Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.
13. This Debenture is one of a series of Company's Series B Debentures and all Debentures of this issue rank equally and ratably without priority over one another.

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14. This Series B Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: January 29, 1996

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris

By: Peter Morris

Title: President and Chief Operating Officer

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EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series B Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of
the _____
above Series B Debenture No. _____ into Shares of Common Stock of Management
Technologies, Inc. (the ``company'') according to the conditions set forth in
such Series B Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series B Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

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* This original Series B Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH:

office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$400,000 Series B Debentures (collectively, the `Series B Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

1. The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;
2. The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;
3. The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;
4. Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and released from any

-3-

liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

5. The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated: January 29, 1996

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

-4-

By: _____

By: /s/ Peter Morris

Peter Morris
President & COO

January 29, 1996

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Yosef Yud (the `Registered Holder'') is the registered holder of \$400,000 Series B Debentures of Management Technologies, Inc. (the `Corporation'') (collectively, the `Debentures'');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globerman, Attorney of New York, New York, as escrow agent (the `Escrow Agent'') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during business hours of:
 - 1. proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
 - 2. the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
 - 3. this Treasury Order (collectively, the `Conversion Documents'').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after March 14, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the

Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name -----	Address -----	Number of Common Shares -----	Number of Debentures -----
Yosef Yud	Malche Israel 2 Jerusalem Israel		One in the amount of \$400,000

/s/ Peter
Morris

By: Peter
Morris
President & Chief Operating Officer

On behalf of the Board of Directors of
Management Technologies, Inc.

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of January 29, 1996 (the `Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S (`Regulation S') as promulgated by the Securities and Exchange Commission (`SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned `Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as `Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE `1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a `Debenture,' and collectively, the `Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$400,000 for the Series B Debentures (the `Purchase Price'), which shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the `Agreement') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing

by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the `Closing Dates`).

2. Buyer Representations; Access to Information.

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- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:
 - i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
 - ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
 - iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the `Securities`), was made by Buyer in the United States;
 - iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
 - v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and will be offered or sold by Buyer to, or for the account or benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other

than distributors (the `Restricted Period'), as certified by Buyer to Seller;

- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any `directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Buyer of any of the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party

or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

- xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;
 - xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and
 - xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.
- b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.
 - c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.
 - d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of Buyer's investment. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.
 - e) Tax Status. Buyer is not a '10-percent Shareholder'' (as defined in

3. Seller Representations.

- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
- b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
- c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
 - i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
 - ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
 - iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
 - iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
 - v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.
- d) No Directed Selling Efforts. In regard to this transaction, none of

Seller, its affiliates or persons acting on their behalf have conducted any 'directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.

- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no preemptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act. Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a `stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek shareholder approval of such issuance.

11. Miscellaneous.

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- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
 - b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
 - c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
 - d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
 - e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
 - f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.
 - g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers

decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.

/s/ Peter Morris
By: Peter Morris

Title: President & COO
Official Signatory of Buyer:

/s/ Yosef Yud

By: Yosef Yud

Title:

Address of Buyer:

Malche Israel 2
Jerusalem
Israel

SERIES B DEBENTURE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE `ACT'), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE ACT) EXCEPT PURSUANT TO REGISTRATION UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS.

No. B-005
US\$450,000

MANAGEMENT TECHNOLOGIES, INC.

9% SERIES B CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1997

THIS DEBENTURE is one of a duly authorized issue of Series B Debentures of Management Technologies, Inc., a corporation duly organized and existing under the laws of the State of New York (the `Company') designated as its 9% Series B Convertible Debenture Due December 31, 1997, in an aggregate principal amount of \$1,500,000.

FOR VALUE RECEIVED, the Company promises to pay to Menachem M. Begun, the registered holder hereof and its successors and assigns (the `Holder'), the principal sum of Four Hundred and Fifty Thousand Dollars (US\$450,000) on December 31, 1997 (the `Maturity Date'), and to pay interest on the principal sum outstanding, at the rate of 9% per annum due and payable quarterly. Accrual of interest shall commence on the first business day to occur after the date hereof and shall continue until payment in full of the principal sum has been made or duly provided for. The interest so payable will be paid to the person in whose name this Series B Debenture (or one or more predecessor Series B Debentures) is registered on the records of the Company regarding registration and transfers of the Series B Debentures (the `Debenture Register'); provided, however, that the Company's obligation to a transferee of this Series B Debenture arises only if such transfer, sale or other disposition is made in accordance with the terms and conditions of the Offshore Securities Subscription Agreement dated as of January 29, 1996 between the Company and Holder (the `Subscription Agreement'). The principal of, and interest on, this Series B Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the address last appearing on the Series B Debenture Register of the Company as designated in writing by the Holder hereof from time to time. The Company will pay the principal of and all accrued and unpaid interest due upon this Series B Debenture on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Series B Debenture as of the

tenth (10th) day prior to the Maturity Date and addressed to such Holder at the last address appearing on the Debenture Register. The forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series B Debenture to the extent of the sum represented by such check plus any amounts so deducted.

This Series B Debenture is subject to the following additional provisions:

1. The Series B Debentures are issuable in denominations of Fifty Thousand Dollars (US\$50,000) and integral multiples thereof. The Series B Debentures are exchangeable for an equal aggregate principal amount of Series B Debentures of different authorized denominations, as requested by the Holders surrendering the same. No service charge will be made for such registration or transfer or exchange.

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2. The Company shall be entitled to withhold from all payments of principal of, and interest on, this Series B Debenture any amounts required to be withheld under the applicable provisions of the United States income tax or other applicable laws at the time of such payments.

3. This Series B Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged in the U.S. only in compliance with the Securities Act of 1933, as amended (the 'Act') and applicable state securities laws. Prior to due presentment for transfer of this Series B Debenture, the Company and any agent of the Company may treat the person in whose name this Series B Debenture is duly registered on the Company's Debenture Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Series B Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

4.

a) The Holder of this Series B Debenture is entitled, at its option, at any time commencing 45 days after issue hereof to convert any or all of the original principal amount of this Series B Debenture and accrued interest into shares of common stock, \$0.01 par value per share, of the Company (the 'Common Stock'), at a conversion price for each share or Common Stock equal to the Market Price (as defined below) of the Company's Common Stock. For purposes of this Section 4(a), the 'Market Price' shall be the lower of (i) 62.5% of the average closing bid price of the Common Stock for the five (5) business days immediately preceding the conversion date, or (ii) \$0.53. Such conversion shall be effectuated by surrendering the Series B Debentures to be converted (with a copy, by facsimile or

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courier, to the Company) to the Escrow Agent and/or Company with the form of conversion notice attached hereto as Exhibit I, executed by

the Holder of this Series B Debenture evidencing such Holder's intention to convert this Series B Debenture or a specified portion (as above provided) hereof, and accompanied, if required by the Company, by proper assignment hereof in blank. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share, with the fraction paid in cash at the discretion of the Company. The date on which notice of conversion is given shall be deemed to be the date on which the Holder has delivered this Series B Debenture, with the conversion notice duly executed, to the Escrow Agent and/or Company or, if earlier, the date set forth in such notice of conversion if the Series B Debenture is received by the Company within five (5) business days thereafter. Notice of Conversion may be delivered to the Company by telecopier to (212) 557 6967.

- b) Notwithstanding the provisions of paragraph 4(a) hereof, the Company is entitled, at its option, to redeem part or all of the Series B Debentures upon maturity hereof by paying to the holder the product of (i) the Market Price, and (ii) the higher number of shares of Common Stock that would be issuable for such Series B Debentures pursuant to the calculations in paragraph 4(a) or to require the Holder to convert pursuant to paragraph 4(a) hereof. Such payment shall include accrued interest to such date, and shall be less any amounts required by law to be deducted or withheld. Such payment shall be made by delivering immediately available funds in United States Dollars by wire transfer to the Holder, or if no wiring instructions have been provided to the company, by cashier's or certified check to the last address of Holder appearing on the Debenture Register. The wiring of such funds or the

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forwarding of such check shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Series B Debenture to the extent of the sum represented by such wire or check plus any amount so deducted.

5. No provision of this Series B Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Series B Debenture at the time, place, and rate, and in the coin currency, herein prescribed.
6. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder.
7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Holder in collecting any

amount due under this Series B Debenture.

8. If one or more of the following described 'Events of Default' shall occur:

a) The Company shall default in the payment of principal or interest on this Series B Debenture; or

b) Any of the representations or warranties made by the Company herein, in the Subscription Agreement, or in any certificate or financial or

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other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of this Series B Debenture or the Subscription Agreement shall be false or misleading in any material respect at the time made; or

c) The Company shall fail to perform or observe, in any material respect, any other covenant, term, provision, condition, agreement or obligation of the Company under this Series B Debenture and such failure shall continue uncured for a period of seven (7) days after notice from the Holder of such failure; or

d) The Company shall (1) become insolvent; (2) admit in writing its liability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; or

e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or

f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within thirty (30) days thereafter; or

g) Any money judgment, writ or warrant of attachment, or similar process in excess of One Hundred Thousand (\$100,000) Dollars in the aggregate

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shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

h) Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company

and, if instituted against the Company, shall not be dismissed within thirty (30) days after such instruction of the Company shall by any action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding; or

- i) The Company shall have its Common Stock delisted from an exchange or over-the-counter market.

Then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Series B Debenture immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

9. No recourse shall be had for the payment of the principal of, or the interest on, this Series B Debenture, or for any claim based hereon, or otherwise in respect hereof, against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.
10. The Holder of this Series B Debenture, by acceptance hereof, agrees that this Series B Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Series B Debenture or the Shares of Common Stock issuable upon exercise thereof except under circumstances which will not result in a violation of the Act or any applicable state Blue Sky law or similar laws relating to the sale of securities.
11. In case any provision of this Series B Debenture is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Series B Debenture will not in any way be affected or impaired thereby.
12. This Series B Debenture and the agreements referred to in this Series B Debenture constitute the full and entire understanding and agreement between the Company and the Holder with respect to the subject hereof. Neither this Series B Debenture nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the

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13. This Debenture is one of a series of Company's Series B Debentures and all Debentures of this issue rank equally and ratably without priority over one another.
14. This Series B Debenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an officer thereunto duly authorized.

Dated: January 30, 1996

MANAGEMENT TECHNOLOGIES, INC.

/s/ Peter Morris

By: Peter Morris

Title: President and Chief Operating Officer

EXHIBIT I

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series B Debenture)

The undersigned hereby irrevocably elects to convert \$ _____ of the above Series B Debenture No. _____ into Shares of Common Stock of Management

Technologies, Inc. (the ``company'') according to the conditions set forth in such Series B Debenture, as of the date written below.

The undersigned represents that it is not a U.S. Person as defined in Regulation S promulgated under the Securities Act of 1933, as amended, and is not converting the Series B Debenture on behalf of any U.S. Person.

Date of Conversion*

Applicable Conversion Price

Signature

[Name]

Address:

* This original Series B Debenture and Notice of Conversion must be received by the Company by the fifth business date following the Date of Conversion.

PATH: office/mngmnt/exhibit.

ESCROW AGREEMENT

Barry B. Globerman, Esq.
110 E. 59th Street
New York, N.Y.
U.S.A. 10022

Gentlemen:

MANAGEMENT TECHNOLOGIES, INC., a corporation organized under the Business Corporation Law of New York (the `Corporation'') and the undersigned (the `Holder'') have requested that you (the ``Escrow Agent'') act as their agent in respect of the conversion of \$450,000 Series B Debentures (collectively, the `Series B Debenture'') of the Corporation. An irrevocable treasury order directing issuance of the Common Shares in the capital of the Corporation issuable upon conversion of the Debentures is being delivered to you pursuant to a Resolution of the Board of Directors made on December 15, 1995, and an Offshore Securities Subscription Agreement delivered by the Holder to the Corporation (collectively referred to as the `Resolution and Agreement'').

The Treasury Order is to be held by you as Escrow Agent until the Shareholder elects to convert the Debentures in accordance with its terms and thereafter the Treasury Order is to be delivered by you to American Stock Transfer & Trust Company, the transfer agent for the Corporation in New York, at 40 Wall Street, New York, New York (the `Transfer Agent'') with the correct number of Common Shares to be issued upon conversion of the Debentures shall be duly entered on the Treasury Order pursuant to instructions to the Corporation from the Holder. Such calculation shall be by both the Corporation and the Holder be in accordance with the provisions of Paragraph 4 of the Debenture, a copy of which is attached to this Escrow Agreement as Schedule `A''. In the event that there is a difference between the two calculations, you will enter the large number in the Treasury Order and direct the Transfer Agent in the Treasury Order to issue a separate share certificate to you representing the difference between the results of the two calculations (the `Difference Certificate''). Thereafter, you will deliver the share certificate or certificates representing the Common Shares except the Difference Certificate as you are directed by the Holder.

You shall be entitled to act and rely upon any written statement, request, notice or instructions respecting the transactions covered by this Escrow Agreement given to you by the Corporation, and/or any of the undersigned, pursuant to the Resolution and Agreement not only as to the authorization, validity and effectiveness thereof, but also as to the correctness and

acceptability of any information therein contained.

It is understood that you assume no responsibility or liability to any person, other than to deal with the Treasury Order deposited with you and the Debentures deposited with you by the Holder duly endorsed for transfer (the 'Deposit Documents') and share certificates representing Common Shares received on conversion of the Debentures from the Transfer Agent in accordance with the provisions hereof. In case of the issuance of a Difference Certificate, the decision of an independent chartered accountant agreed to by the Corporation and the Escrow Agent and paid for by the Corporation will be final. You will deliver the Difference Certificate to the Holder or to the direction of the Holder if such decision supports the higher result of calculation of the number of Common Shares issuable on conversion of the Debentures and will surrender it to the Corporation through the agency of the Transfer Agent for cancellation or for partial cancellation and/or issue of a smaller or larger number of Common Shares if such calculation is in favor of a result other than the calculation upon which issue the Difference Certificate is based.

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As Escrow Agent, you make no representations with respect to and shall have no responsibility for the application of funds by the Corporation or any registration statement or transaction in securities.

It is further agreed that:

1. The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness, of any notice, demand, certificate, signature or other document which is given to the Escrow Agent pursuant to the Resolution and Agreement or this Agreement without the necessity of Escrow Agent verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;
2. The Escrow Agent shall not be bound in any way by any other agreement or understanding between any other party, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing;
3. The Escrow Agent's sole duties and responsibilities shall be to receive the Deposit Documents, enter the number of Common Shares to be issued on conversion of the Debentures pursuant to the Agreement on the Treasury Order, submit the Treasury Order to the Transfer Agent with the other Deposit Documents and hold and disburse the share certificates representing the Common Shares in accordance with the Resolution and Agreement and this Agreement;
4. Upon the delivery of all the share certificates representing the Common Shares to the Shareholder in accordance with the Agreement and Resolution and this Agreement, the Escrow Agent shall be relieved and released from any

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liability under this Agreement other than to the Corporation in respect of the issuance of Excess Shares; and

5. The Escrow Agent shall be indemnified by the parties against any liabilities, damages, losses, costs or expenses incurred by, or claim or charges made against, the Escrow Agent (including reasonable counsel fees and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by the Agreements or this Agreement or in carrying out the terms of the Agreements and this Agreement, except as a result of Escrow Agent's negligence or wilful misconduct.

This Agreement shall be governed by the substantive laws of the State of New York.

Dated: January 30, 1996

Very truly yours,

WITNESS:

AGREED & ACCEPTED:

AGREED & ACCEPTED:

BARRY B. GLOBERMAN

MANAGEMENT TECHNOLOGIES, INC.

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By: _____

By /s/ Peter Morris

Peter Morris
President & COO

24 Southwark Street
London
SE1 1TY
United Kingdom

Telephone
+44 (0)171 357 7292

Facsimile
+44 (0) 171 357 6650

January 30, 1996

American Stock Transfer And Trust Company
40 Wall Street
New York, New York 10005

Gentlemen:

TREASURY ORDER

WHEREAS:

- A. Menachem M. Begun (the 'Registered Holder') is the registered holder of \$450,000 Series B Debentures of Management Technologies, Inc. (the 'Corporation') (collectively, the 'Debentures');
- B. The Registered Holder has the right pursuant to Paragraph 4 of the Debenture to convert the Debentures into Common Shares in the capital of the Corporation at the times and in the manner set out in such Debentures;
- C. Pursuant to a resolution of the Board of Directors of the Corporation duly passed on December 15, 1995, this irrevocable Treasury Order has been delivered to Mr. Barry Globerman, Attorney of New York, New York, as escrow agent (the 'Escrow Agent') for and on behalf of the Registered Holder for the purpose of facilitating delivery to the Escrow Agent for and on behalf of the Registered Holder of a share certificate representing that number of validly issued Common Shares in the capital of the Corporation to which the Registered Shareholder will be entitled upon conversion of some or all, as

the case may be, of the Debentures upon presentation to you, as transfer agent of the Corporation in New York, at your address set out above during business hours of;

1. proof to your satisfaction that the person presenting the following documents is the Escrow Agent who is named in this Treasury Order;
2. the certificate or certificates representing the Debenture to be converted duly endorsed by the Registered Holder; and
3. this Treasury Order (collectively, the `Conversion Documents'').

NOW, THEREFORE, YOU ARE IRREVOCABLY AUTHORIZED AND DIRECTED to deliver to the Escrow Agent upon presentation of the Conversion Documents on or after March 15, 1996, a share certificate or certificates without legend or stop transfer order representing the number of fully paid Common Shares in the capital of the Corporation set out below registered in the name of the Registered Shareholder.

The undersigned certifies that the Corporation shall have received the full consideration for the said Common Shares and that they shall be fully paid and non-assessable upon presentation to you of the Conversion Documents.

Name		Number of Common Shares	Number of Debentures
----		-----	-----
	Address		

Menachem M. Begun	Alameda France 760/61 Sao Paulo, SP Brazil		One in the amount of \$450,000

/s/ Peter
Morris
By: Peter
Morris
President & Chief Operating Officer

On behalf of the Board of Directors of
Management Technologies, Inc.

OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT

THIS OFFSHORE SECURITIES SUBSCRIPTION AGREEMENT dated as of January 30, 1996 (the `Offshore Agreement'), is executed in reliance upon the exemption from registration afforded by Regulation S (`Regulation S') as promulgated by the Securities and Exchange Commission (`SEC'), under the Securities Act of 1933, as amended. Capitalized terms used herein and not defined shall have the meanings given to them in Regulation S.

This Agreement has been executed by the undersigned `Buyer' in connection with the private placement of a Series of 9% Convertible Debentures of Management Technologies, Inc., a corporation organized under the laws of the State of New York, with its principal executive offices located at 630 Third Avenue, New York, New York 10017 (hereinafter referred to as `Seller'). Buyer hereby represents and warrants to, and agrees with Seller:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE `1933 ACT'), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S OF THE 1933 ACT) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE 1933 ACT) EXCEPT PURSUANT TO REGISTRATION UNDER OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

1. Agreement To Subscribe; Purchase Price.

- a) Subscription. The undersigned Buyer hereby subscribes for and agrees to purchase the Sellers 9% Convertible Debentures substantially in the form of the Debentures attached as Exhibit B, C, D and E hereto and having an aggregate original principal amount of U.S. \$6,000,000 (singly, a `Debenture,' and collectively, the `Debentures'), at a purchase price as set forth in subsection (b) herein.
- b) Payment. The Purchase Price for Buyer's portion of the Debentures shall be \$450,000 for the Series B Debentures (the `Purchase Price'), which shall be payable at closing pursuant to the Letter Agreement between the Company and Israel Trading Fund Ltd. dated December 15, 1995 (the `Agreement') by delivering immediately available funds in United States Dollars by wire transfer to Barry B. Globerman, Esq., 110 E. 59th Street, New York, N.Y. 10022 for closing

by delivery of securities versus payment for each series of Debentures.

- c) Closing. Subject to the satisfaction of the conditions set forth in Sections 7 and 8 hereof, the closing of the transactions contemplated by this Offshore Agreement shall occur from time to time as set forth in the Agreement, or such earlier or later date as is mutually agreed to in writing by Buyer and Seller (the `Closing Dates`).

2. Buyer Representations; Access to Information.

-
- a) Offshore Transaction. In connection with the purchase and sale of the Debentures, Buyer represents and warrants to, and covenants and agrees with Seller as follows:
 - i) Buyer is not a natural person and is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person (as defined in Section 902(o) of Regulation S) principally for the purpose of investing in securities not registered under the 1933 Act and is not otherwise a U.S. Person. Buyer is not, and on the closing date will not be, an affiliate of Seller;
 - ii) At the time the buy order was originated, Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Offshore Agreement;
 - iii) No offer to purchase the Debentures or the common stock of Seller issuable upon conversion of the Debentures (collectively, the `Securities`), was made by Buyer in the United States;
 - iv) Buyer is purchasing the Securities for its own account and Buyer is qualified to purchase the Securities under the laws of its jurisdiction of residence, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;
 - v) All offers and sales of any of the Securities by Buyer prior to the end of the Restricted Period (as hereinafter defined) shall be made in compliance with any applicable securities laws of any applicable jurisdiction and in accordance with Rule 903 and 904, as applicable, of Regulation S or pursuant to registration of the Securities under the 1933 Act or pursuant to an exemption from registration. In any case, none of the Securities have been and will be offered or sold by Buyer to, or for the account or benefit of, a U.S. Person or within the United States until after the end of the forty (40) day period commencing on the later of (x) the date of closing of the offering of the Securities or (y) the date of the first offer of the Securities to persons other

than distributors (the 'Restricted Period'), as certified by Buyer to Seller;

- vi) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Buyer, to evade the registration provisions of the 1933 Act;
- vii) Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that Seller is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of Buyer and any purchaser from Buyer to acquire the Securities;
- viii) Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser (x) who acts as a distributor, underwriter, dealer or other person receiving a selling concession, fee or other remuneration in respect of any of the Securities, or (y) who purchases prior to the expiration of the Restricted Period referred to in subparagraph (v) above, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as Buyer pursuant to Section 109(c) (2) (iv) of Regulation S;
- ix) None of Buyer, its affiliates or persons acting on their behalf have conducted and shall not conduct any 'directed selling efforts' as that term is defined in Rule 902(b) of Regulation S; nor has Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- x) This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Buyer and is a valid and binding agreement in accordance with its terms, subject to general principles of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally;
- xi) The execution and delivery of this Offshore Agreement and the consummation of the purchase of the Securities, and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Buyer of any of the terms of provisions of, or constitute a default under, the articles of incorporation or by-laws (or similar constitutive documents) of Buyer or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Buyer is a party

or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Buyer or any of its properties or assets;

- xii) All invitation, offers and sales of or in respect of, any of the Securities, by Buyer and any distribution by Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by Seller with any regulatory authority or stock exchange in any country or any political subdivision of any country;
 - xiii) Buyer will not make any offer or sale of the Securities by any means which would not comply with the laws and regulations of the territory in which such offer or sale takes place or to which such offer or sale is subject or which would in connection with any such offer or sale impose upon Seller any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or otherwise undertake or become obligated to do any act; and
 - xiv) Neither the Buyer nor any of its affiliates has entered, has the intention of entering, or will during the Restricted Period enter into any put option, short position or other similar instrument or position with respect to any of the Securities or securities of the same class as the Securities.
- b) No Government Recommendation or Approval. Buyer understands that no Federal or State or foreign government agency has passed on or made any recommendation or endorsement of the Securities.
 - c) Current Public Information. Buyer acknowledges that it and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of Seller and all materials relating to the offer and sale of the Securities which have been requested by Buyer. Buyer further acknowledges that it and its advisors, if any, have received complete and satisfactory answers to such inquiries.
 - d) Buyer's Sophistication. Buyer acknowledges that the purchase of the Securities involves a high degree of risk, including the total loss of Buyer's investment. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the Securities.
 - e) Tax Status. Buyer is not a '10-percent Shareholder'' (as defined in

3. Seller Representations.

- a) Reporting Company Status. Seller is a 'Reporting Issuer' as defined by Rule 902 of Regulation S. Seller has registered its Common Stock, \$0.01 per value per share (the 'Common Stock'), pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the Common Stock is listed and trades on NASDAQ. Seller has filed all material required to be filed pursuant to all reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve (12) months immediately preceding the offer or sale of the Securities (or for such shorter period that Seller has been required to file such material).
- b) Current Public Information. Seller has furnished Buyer with copies of its most recent reports filed under the Exchange Act referred to in Section 2(c) above, and other publicly available documents.
- c) Offshore Transaction. Seller has not offered or sold any of the Securities to any person in the United States, any identifiable groups of U.S. citizens abroad, or to or for any U.S. Person, as such terms are used in Regulation S.
 - i) At the time the buy order was originated, Seller and/or its agents reasonably believe the Buyer was outside of the United States and was not a U.S. person, based on the representations of Buyer.
 - ii) Seller and/or its agents reasonably believe that the transaction has not been pre-arranged with a buyer in the United States, based on the representations of Buyer.
 - iii) No offer to buy or sell the Securities was or will be made by Seller to any person in the United States.
 - iv) The offer and sale of the Securities by Seller pursuant to this Offshore Agreement will be made in accordance with the provisions and requirements of Regulation S provided that the representations and warranties of Buyer in Section 2(a) hereof are true and correct.
 - v) The transactions contemplated by this Offshore Agreement (a) have not been and will not be pre-arranged by Seller with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by Seller to evade the registration provisions of the 1933 Act.
- d) No Directed Selling Efforts. In regard to this transaction, none of

Seller, its affiliates or persons acting on their behalf have conducted any 'directed selling efforts' as that term is defined in Rule 902 of Regulation S nor has Seller conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere.

- e) Concerning the Securities. The issuance, sale and delivery of the Debentures have been duly authorized by all required corporate action on the part of Seller, and when issued, sold and delivered in accordance with the terms hereof and thereof for the consideration expressed herein and therein, will be duly and validly issued, fully paid and non-assessable. The Common Stock issuable upon conversion of the Debenture has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Debentures, shall be duly and validly issued, fully paid, and non-assessable and will not subject the holders thereof, if such persons are non-U.S. persons, to personal liability by reason of being such holders. There are no preemptive rights of any shareholder of Seller.
- f) Subscription Agreement. This Offshore Agreement has been duly authorized, validly executed and delivered on behalf of Seller and is a valid and binding agreement in accordance with its terms, subject to general principals of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.
- g) Non-contravention. The execution and delivery of this Offshore Agreement and the consummation of the issuance of the Securities and the transactions contemplated by this Offshore Agreement do not and will not conflict with or result in a breach by Seller of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of Seller, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which Seller is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation of the United States or any State thereof or any applicable decree, judgment or order of any Federal or State court, Federal or State regulatory body, administrative agency or other United States governmental body having jurisdiction over Seller or any of its properties or assets.
- h) Approvals. Seller is not aware of any authorization, approval or consent of any governmental body which is legally required for the issuance and sale of the Debentures and the Common Stock issuable upon conversion thereof to persons who are non-U.S. Persons, as contemplated by this Offshore Agreement.

4. Exemption; Reliance on Representations. Buyer understands that the offer

and sale of the Securities are not being registered under the 1933 Act. Seller and Buyer are relying on the rules governing offers and sales made outside the United States pursuant to Regulation S.

5. Transfer Agent Instructions.

- a) Debentures. Upon the conversion of the Debentures, the holder thereof shall submit such Debenture and Notice of Conversion to the Escrow Agent with a copy to Company and Escrow Agent shall immediately deliver the Irrevocable Treasury Orders in its possession pursuant to the Agreement to the Transfer Agent. Upon receipt of the Shares, the Escrow Agent will deliver the Shares to the holder. In the event the Irrevocable Treasury Orders for Shares are not sufficient, Seller shall, within five (5) business days of receipt of notice from Escrow Agent, instruct Seller's transfer agent to issue one or more certificates representing the balance of that number of shares of Common Stock into which the Debenture or Debentures are convertible in accordance with the provisions regarding conversion set forth in Exhibit A hereto. The Seller shall act as Debenture Registrar and shall maintain an appropriate ledger containing the necessary information with respect to each Debenture.
- b) Common Stock to be Issued Without Restrictive Legend. After the expiration of the Restricted Period, upon the conversion of any Debenture by a person who is a non-U.S. Person, Seller shall instruct Seller's transfer agent to issue Stock Certificates without restrictive legend in the name of Buyer (or its nominee (being a non-U.S. Person) or such non-U.S. Persons as may be designated by Buyer prior to the closing) and in such denominations to be specified at conversion representing the number of shares of Common Stock issuable upon such conversion, as applicable it being understood that on the day following the expiration of the Restricted Period, the
- c) Securities will be held by a non-U.S. person. Seller warrants that no instructions other than these instructions and instructions to impose a `stop transfer' instruction with respect to the certificates until the end of the Restricted Period have been given or will be given to the transfer agent and that the Common Stock shall otherwise be freely transferable on the books and records of Seller. Nothing in this Section 5, however, shall affect in any way Buyer's or such nominee's obligations and agreements to comply with all applicable securities laws upon resale of the Securities.

6. Delivery Instructions. The Debentures being purchased hereunder shall be

delivered to the Buyer at such time and place as shall be mutually agreed by Seller and Buyer.

7. Conditions To Seller's Obligation To Sell. Seller's obligation to sell the

Debentures is conditioned upon:

- a) The receipt and acceptance by Buyer of this Offshore Agreement as evidenced by execution of this Offshore Agreement by Buyer.
- b) Delivery into the closing depository of good funds by Buyer as payment in full of the purchase price of the Debentures pursuant to the Offshore Agreement.

8. Conditions To Buyer's Obligation To Purchase. Buyer's obligation to -----

purchase the Debentures is conditioned upon:

- a) The receipt and acceptance by Seller of this Offshore Agreement as evidenced by execution of this Offshore Agreement by the duly authorized officer of Seller.
- b) Delivery of the Debentures as described herein.
- c) Satisfaction of the conditions in the Agreement.
- d) No default by Seller of any provisions of any Series of Debenture.

9. Offering Materials. All offering materials and documents used in -----

connection with offers and sales of the Securities prior to the expiration of the Restricted Period referred to in Section 2(a)(v) hereof shall include statements to the effect that the Securities have not been registered under the 1933 Act or applicable state securities laws, and that neither Buyer, nor any direct or indirect purchaser of the Securities from Buyer, may directly or indirectly offer or sell the Securities in the United States or to or for the account or benefit of U.S. Persons (other than distributors) unless the Securities are registered under the 1933 Act any applicable state securities laws, or any exemption from the registration requirements of the 1933 Act or such state securities laws is available. Such statements shall appear (1) on the cover of any prospectus or offering circular used in connection with the offer or sale of the Securities, (2) in the underwriting section of any prospectus or offering circular used in connection with the offer or sale of the Securities, and (3) in any advertisement made or issued by Seller, Buyer, any other distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing.

10. No Shareholder Approval. Seller hereby agrees that from the Closing Date -----

until the issuance of Common Stock upon the conversion of the Debentures, Seller will not take any action which would require Seller to seek shareholder approval of such issuance.

11. Miscellaneous.

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- a) Except as specifically referenced herein, this Offshore Agreement and the Agreement constitutes the entire contract between the parties, and neither party shall be liable or bound to the other in any manner by any warranties, representations or covenants except as specifically set forth herein. Any previous agreement (other than the Agreement) among the parties related to the transactions described herein is superseded hereby. The terms and conditions of this Offshore Agreement and the Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Nothing in this Offshore Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Offshore Agreement, except as expressly provided herein.
 - b) Buyer is an independent contractor, and is not the agent of Seller. Buyer is not authorized to bind Seller, or to make any representations or warranties on behalf of Seller.
 - c) Seller makes no representations or warranty with respect to Seller, its finances, assets, business prospects or otherwise. Buyer will advise each purchaser, if any, and potential purchaser of the Securities, of the foregoing sentence, and that such purchaser is relying on its own investigation with respect to all such matters, and that such purchaser will be given access to any and all documents and Seller personnel as it may reasonably request for such investigation.
 - d) All representations and warranties contained in this Offshore Agreement by Seller and Buyer shall survive the closing of the transactions contemplated by this Offshore Agreement.
 - e) This Offshore Agreement shall be construed in accordance with the internal laws of the State of New York, and shall be binding upon the successors and assigns of each party hereto. This Offshore Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Offshore Agreement shall be effective as an original.
 - f) Seller and Buyer shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby. Neither party shall issue any press release or otherwise make any public statement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.
 - g) Notwithstanding the foregoing Agreement, the Buyers shall have the right in their sole and absolute discretion to determine whether to purchase the Series B, C and D Debentures. In the event the Buyers

decide not to purchase the Series B or C or D Debentures, neither the Company nor the Buyers shall have any further liability one to the other except with respect to the Series A Debentures. However, if the Buyers do not close on the purchase of the Series B Debentures, the Company shall not be required to honor the representation in paragraph 15(q).

IN WITNESS WHEREOF, the undersigned have executed this Offshore Agreement as of the date first set forth above.

Official Signatory of Seller:

Management Technologies, Inc.

/s/ Peter Morris
By: Peter Morris

Title: President & COO
Official Signatory of Buyer:

/s/ Menachem M. Begun

By: Menachem M. Begun

Title:

Address of Buyer:
Alameda France 760/61
Sao Paulo, SP
Brazil