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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

OMB No. 0651-0027 (exp. 6/30/2005)

Tab settings

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Cypress Medical Products, L.P.

2. Name and address of receiving party(ies)

Name: First Midwest Bank

Internal Address:

Additional name(s) of conveying party(ies) attached?  Yes  No

3. Nature of conveyance:

- Assignment, Merger, Security Agreement, Change of Name, Other

Street Address: 3510 West Elm Street

City: McHenry State: IL Zip: 60050

Execution Date: April 28, 2003

Additional name(s) & address(es) attached?  Yes  No

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No.(s)

B. Patent No.(s) 4,865,065

Height Adjustable Crutches

Additional numbers attached?  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Diana Y. Tsai, Esq.

Internal Address: Schwartz, Cooper,

Greenberger & Krauss

Street Address: 180 North LaSalle Street

Suite 2700

City: Chicago State: IL Zip: 60601

6. Total number of applications and patents involved: 1

7. Total fee (37 CFR 3.41).....\$49.00

- Enclosed, Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Diana Y. Tsai

Name of Person Signing

Signature

Signature

5/1/03

Date

Total number of pages including cover sheet, attachments, and documents: 7

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Mail documents to be recorded with required cover sheet information to: Commissioner of Patents & Trademarks, Box Assignments Washington, D.C. 20231

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46.00

PATENT REEL: 014007 FRAME: 0071

## PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (this "Agreement") made as of this 28th day of April, 2003, by CYPRESS MEDICAL PRODUCTS, L.P., an Illinois limited partnership, having its principal place of business at 1202 South Route 31, McHenry, Illinois 60050 ("Borrower"), in favor of FIRST MIDWEST BANK, an Illinois banking corporation, having an office at 3510 West Elm Street, McHenry, Illinois 60050 ("Lender").

### WITNESSETH:

WHEREAS, Borrower and Lender are parties to a certain Loan and Security Agreement dated of even date herewith (as the same may be amended, restated, modified or supplemented and in effect from time to time, the "Loan Agreement") and other related loan documents of even date herewith (collectively, with the Loan Agreement, and as each may be amended, restated, modified or supplemented and in effect from time to time, the "Financing Agreements"), which Financing Agreements provide (i) for Lender to, from time to time, extend credit to or for the account of Borrower and (ii) for the grant by Borrower to Lender of a security interest in certain of Borrower's assets, including, without limitation, its patents and patent applications;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Borrower agrees as follows:

1. Incorporation of Financing Agreements. The Financing Agreements and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. Capitalized terms used in this Agreement and not otherwise defined herein are used with the meanings given such terms in the Loan Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Liabilities, Borrower hereby grants to Lender, and hereby reaffirms its prior grant pursuant to the Financing Agreements of, a continuing security interest in Borrower's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, all patentable inventions and those patents and patent applications listed on Schedule A attached hereto and made a part hereof and all patents and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes individually and/or collectively referred to herein as the "Patents").

3. Warranties and Representations. Borrower warrants and represents to Lender that:

(a) no Patent has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Patent been cancelled, in whole or in part and each such Patent is presently subsisting;

(b) Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Patent, free and clear of any liens, charges and encumbrances, including without limitation, shop rights and covenants by Borrower not to sue third persons;

(c) Borrower has no notice of any suits or actions commenced or threatened with reference to any Patent; and

(d) Borrower has the unqualified right to execute and deliver this Agreement and perform its terms.

4. Restrictions on Future Agreements. Borrower agrees that until Borrower's Liabilities shall have been satisfied in full and the Financing Agreements shall have been terminated, Borrower shall not, without the prior written consent of Lender (which consent shall not be unreasonably withheld), sell or assign its interest in any Patent or enter into any other agreement with respect to any Patent which would affect the validity or enforcement of the rights transferred to Lender under this Agreement.

5. New Patents. Borrower represents and warrants that, based on a diligent investigation by Borrower, the Patents listed on Schedule A constitute all of the federally registered Patents and Patent applications now owned by Borrower. If, before Borrower's Liabilities shall have been satisfied in full or before the Financing Agreements have been terminated, Borrower shall (i) become aware of any existing Patents of which Borrower has not previously informed Lender, (ii) obtain rights to any new patentable inventions or Patents, or (iii) become entitled to the benefit of any Patents, which benefit is not in existence on the date hereof, the provisions of this Agreement above shall automatically apply thereto and Borrower shall give to Lender prompt written notice thereof. Borrower hereby authorizes Lender to modify this Agreement by amending Schedule A to include any such Patents.

6. Royalties; Terms. The term of this Agreement shall extend until the earlier of (i) the expiration of each of the Patents, and (ii) the payment in full of Borrower's Liabilities and the termination of the Financing Agreements. Borrower agrees that upon the occurrence of an Event of Default and during the continuation thereof, the use by Lender of all Patents shall be without any liability for royalties or other related charges from Lender to Borrower.

7. Release of Security Interest. This Agreement is made for collateral purposes only. Upon payment in full of Borrower's Liabilities and termination of the Financing Agreements, Lender shall promptly take such actions as may be necessary or proper to terminate the security interests created hereby and pursuant to the Financing Agreements

8. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Borrower. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by Lender in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Patents or in defending or prosecuting any actions or proceedings arising out of or related to the Patents shall be borne by and paid by Borrower and until paid shall constitute Liabilities.

9. Duties of Borrower. Borrower shall have the duty (i) to file and prosecute diligently any patent applications pending as of the date hereof or hereafter until Borrower's Liabilities shall have been paid in full and the Financing Agreements have been terminated, (ii) to make application on unpatented but patentable inventions, as commercially reasonable, (iii) to preserve and maintain all rights in the Patents, as commercially reasonable and (iv) to ensure that the Patents are and remain enforceable, as commercially reasonable. Any expenses incurred in connection with Borrower's obligations under this Paragraph 9 shall be borne by Borrower.

10. Lender's Right to Sue. After an Event of Default, Lender shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents and, if Lender shall commence any such suit, Borrower shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement and Borrower shall promptly, upon demand, reimburse and indemnify Lender for all costs and expenses incurred by Lender in the exercise of its rights under this Paragraph 10.

11. Waivers. No course of dealing between Borrower and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Financing Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

13. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Paragraph 5 hereof or by a writing signed by the parties hereto.

14. Cumulative Remedies; Power of Attorney; Effect on Financing Agreements. All of Lender's rights and remedies with respect to the Patents, whether established hereby or by the Financing Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Borrower hereby authorizes Lender upon the occurrence of

an Event of Default and during the continuation thereof, to make, constitute and appoint any officer or agent of Lender as Lender may select, in its sole discretion, as Borrower's true and lawful attorney-in-fact, with power to (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or desirable for Lender in the use of the Patents or (ii) take any other actions with respect to the Patents as Lender deems to be in the best interest of Lender, or (iii) grant or issue any exclusive or non-exclusive license under the Patents to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents to anyone. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until Borrower's Liabilities shall have been paid in full and the Financing Agreements have been terminated. Borrower acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Lender under the Financing Agreements but rather is intended to facilitate the exercise of such rights and remedies. Lender shall have, in addition to all other rights and remedies given it by the terms of this Agreement and the Financing Agreements, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as in effect in Illinois from time to time.

15. Binding Effect; Benefits. This Agreement shall be binding upon Borrower and its respective successors and assigns, and shall inure to the benefit of Lender, its successors, nominees and assigns.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois and applicable federal law.

17. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

18. Further Assurances. Borrower agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Lender shall reasonably request from time to time in order to carry out the purpose of this Agreement and agreements set forth herein.

19. Survival of Representations. All representations and warranties of Borrower contained in this Agreement shall survive the execution and delivery of this Agreement and shall be remade on the date of each borrowing under the Financing Agreements.

*[Remainder of page intentionally left blank; signature page follows]*

IN WITNESS WHEREOF, Borrower has duly executed this Patent Security Agreement as of the date first written above.

**CYPRESS MEDICAL PRODUCTS, L.P.**, an Illinois limited partnership

By: CYPRESS MEDICAL PRODUCTS, INC., an Illinois corporation, its General Partner

By: Vasanth  
Name: Vasanth Soni  
Title: Exec. V.P.

Agreed and accepted as of the date first written above:

**FIRST MIDWEST BANK**, an Illinois banking corporation

By: [Signature]  
Name: Peter Glassberg  
Title: V.P.

**SCHEDULE A**

**PATENTS**

<u>Patent Description</u>	<u>U.S. Patent No.</u>	<u>Issue Date</u>
Height Adjustable Crutches	4,865,065	September 12, 1989

**PATENT APPLICATIONS**

<u>Patent Application Description</u>	<u>U.S. Patent Application No.</u>	<u>Date Applied</u>
None		