

PATENT ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
Generation II USA, Inc.	09/01/2005
RECEIVING PARTY DATA	
Name:	Kaupthing Bank HF
Street Address:	230 Park Avenue
Internal Address:	c/o Kaupthing New York, Inc., Ste 1528
City:	New York
State/Country:	NEW YORK
Postal Code:	10169
PROPERTY NUMBERS Total: 3	
Property Type	Number
Patent Number:	5107824
Application Number:	10608696
Application Number:	10187008
CORRESPONDENCE DATA	
Fax Number:	(202)728-0744
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	2027216405
Email:	christine.wilson@thomson.com
Correspondent Name:	Corporation Service Company
Address Line 1:	80 State Street
Address Line 2:	6th Floor
Address Line 4:	Albany, NEW YORK 12207
NAME OF SUBMITTER:	Christine Wilson

CH \$120.00 5107824

Total Attachments: 5
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PATENT SECURITY AGREEMENT

(Patents, Patent Applications and Patent Licenses)

WHEREAS, Generation II USA, Inc., a Washington corporation (herein referred to as the "**Lien Grantor**") owns, or in the case of licenses is a party to, the Patent Collateral (as defined below);

WHEREAS, (i) Ossur HF. (the "**Borrower**"), the Guarantors party thereto, the Lenders party thereto, and Kaupthing Bank HF., as Facility Agent and Security Agent, are parties to a Facilities Agreement (as amended from time to time, the "**Facility Agreement**"), and (ii) the Borrower and Kaupthing Bank HF. are parties to the Bridge Loan Facility Agreement (as amended from time to time, the "**Bridge Loan Facility Agreement**"), each dated as of August 5, 2005; and

WHEREAS, pursuant to (i) the Facilities Agreement and (ii) a Security Agreement dated as of August 10, 2005 (as amended and/or supplemented from time to time, the "**Security Agreement**") among the Borrower, the US Guarantors party thereto and Kaupthing Bank HF., as Security Agent for the Applicable Secured Parties referred to therein (in such capacity, together with its successors in such capacity, the "**Grantee**"), and (iii) certain other US Security Documents (including this Patent Security Agreement), the Lien Grantor has guaranteed certain obligations of the Borrower and secured such guarantee (the "**Lien Grantor's Secured Guarantee**") by granting to the Grantee for the benefit of such Applicable Secured Parties a continuing security interest in the Collateral of the Lien Grantor, including all right, title and interest of such Lien Grantor in, to and under the Patent Collateral (as defined below);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lien Grantor grants to the Grantee, to secure the Lien Grantor's Secured Guarantee, a continuing security interest in all of the Lien Grantor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "**Patent Collateral**"), whether now owned or existing or hereafter acquired or arising:

(i) each Patent (as defined in the Security Agreement) owned by the Lien Grantor as to which registration has been made or applied for with the United States Patent and Trademark Office, including, without limitation, each such Patent referred to in Schedule 1 hereto;

(ii) each Patent License (as defined in the Security Agreement) to which the Lien Grantor is a party relating to a Patent specified in foregoing clause (i), including, without limitation, each Patent License identified in Schedule 1 hereto; and

(iii) all proceeds of and revenues from the foregoing, including, without limitation, all proceeds of and revenues from any claim by the Lien Grantor against third parties for past, present or future infringement of any Patent owned by the Lien Grantor and specified in foregoing clause (i) (including, without limitation, any Patent identified in Schedule 1 hereto) and all rights and benefits of the Lien Grantor under any Patent

License specified in foregoing clause (ii) (including, without limitation, any Patent License identified in Schedule 1 hereto),

provided that the following property is excluded from the foregoing security interests: any general intangibles or other rights arising under any contract, instrument, license or other document, in each such case if (but only to the extent that) the grant of a security interest therein would constitute a material violation of a valid and effective restriction in favor of a third party, unless and until all required consents shall have been obtained. The Lien Grantor shall use all commercially reasonable efforts to obtain any such required consent that is reasonably obtainable.

The Lien Grantor irrevocably constitutes and appoints the Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of the Lien Grantor or in the Grantee's name, from time to time, in the Grantee's discretion, so long as any Event of Default shall have occurred and be continuing, to take with respect to the Patent Collateral any and all appropriate action which the Lien Grantor might take with respect to the Patent Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Patent Security Agreement and to accomplish the purposes hereof.

Except to the extent expressly permitted in the Security Agreement or the Facilities Agreement, the Lien Grantor agrees not to sell, license, exchange, assign or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Patent Collateral.

The foregoing security interest is granted in conjunction with the security interests granted by the Lien Grantor to the Grantee pursuant to the Security Agreement. The Lien Grantor acknowledges and affirms that the rights and remedies of the Grantee with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Lien Grantor has caused this Patent Security Agreement to be duly executed by its officer thereunto duly authorized as of the 1 day of September, 2005.

GENERATION II USA, INC.

By: Hjorleifur Pálsson
Name: Hjorleifur Pálsson
Title: Authorized Signatory

Acknowledged:

KAUPTHING BANK HF.,
as Security Agent

By: _____
Name:
Title:



IN WITNESS WHEREOF, the Lien Grantor has caused this Patent Security Agreement to be duly executed by its officer thereunto duly authorized as of the 1 day of September, 2005.

GENERATION II, USA, INC.

By: _____
Name:
Title:

Acknowledged:

KAUPTHING BANK HF.,
as Security Agent

By: *[Signature]* *[Signature]*
Name: BARBARA DIEGW ASTMIDUK OTHARSDOTIK
Title: MD CORP. BANKING MANAGER CORPORATE BANKING

**Schedule 1
to Patent
Security Agreement**

GENERATION II USA, INC.

Patents Owned

TITLE	SERIAL NO.	PATENT NO.	STATUS
ANATOMICALLY CORRECT KNEE BRACE HINGE	407.185	5,107,824	ISSUED

Patent Application Pending

TITLE	SERIAL NO.	PATENT NO.	STATUS
ANATOMICALLY DESIGNED ORTHOPEDIC KNEE BRACE	10/608,696	*	PENDING
ANATOMICALLY DESIGNED ORTHOPEDIC KNEE BRACE	10/187,008	*	PENDING

Patent Licenses

None.