

**PATENT**  
**REEL: 016755 FRAME: 0465**

**Continuation of Box 2. Name and Address of Receiving Party(ies):**

Insula Properties, LLC  
4605 Lindell Boulevard, #1201  
St. Louis, Missouri 63108

Sterling Trust Company, Custodian  
FBO John David Aton  
P.O. Box 2526  
Waco, Texas 76702-2526

Dean Belbas, Trustee of the Dean Belbas  
Revocable Trust  
2501 S. Kiwanis Avenue, #112  
Sioux Falls, South Dakota 57105-0159

Brent & Karen Blackey  
6389 Oxbow Bend  
Chanhassen, Minnesota 55317

David L. Boehnen  
P.O. Box 990  
Minneapolis, Minnesota 55440

John & Carlyn Bryngelson  
6775 South Crocker Way  
Littleton, Colorado 80120

Richard D. Cramer Revocable Trust  
6427 Timber Ridge  
Edina, Minnesota 55439

Dack Cattle Trust  
7640 South Argonne Street  
Centennial, Colorado 80016

BR Direct Marketing  
1101 South Linwood Avenue  
Santa Ana, California 92705

D&R Investment Partnership  
4567 American Boulevard West  
Minneapolis, Minnesota 55437

Alfred & Rose Erickson Trust  
FBO Donovan A. Erickson  
4567 American Boulevard West  
Minneapolis, Minnesota 55437

Fred R. Friswold  
5925 Tamarac Avenue  
Edina, Minnesota 55436

Jerry & Jane Garbutt  
26 Kingsbury Place  
St. Louis, Missouri 63112

Dorsey R. Gardner 2002 Trust  
219 Lewis Wharf  
Boston, Massachusetts 02110-3927

Kenneth & Nancy J. Granat  
6117 North Coatimundi Drive  
Tucson, Arizona 85750

Elizabeth W. Granat  
8847 Spring Creek Trail  
Niwot, Colorado 80503

Les Hardy, Jr. Living Trust  
6142 Wedgewood Lane  
Billings, Montana 59106

Kay L. Hardy Living Trust  
6142 Wedgewood Lane  
Billings, Montana 59106

Jospey Family Limited Partnership  
417 South Harbor Drive  
Key Largo, Florida 33037

Steven J. Keough  
1912 Summit Avenue  
St. Paul, Minnesota 55105

John J. King  
P.O. Box 3131  
Tubac, Arizona 85646

Maureen King  
P.O. Box 3131  
Tubac, Arizona 85646

Steven J. Kristo  
1531 Canfield Street  
Eau Claire, Wisconsin 54701

Piper Jaffrey as Custodian  
FBO Dan L. Lastavich IRA  
332 Pondridge Circle  
Wayzata, Minnesota 55391-1373

William Lenz & Pamela Jamison-Lenz  
6339 Red Maple Lane  
Lino Lakes, Minnesota 55014-1444

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Denver, CO 80220

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9219 Hyland Creek Circle  
Bloomington, Minnesota 55437

Richard D. McFarland  
6341 Murray Hill Road  
Excelsior, Minnesota 55331

John A. & Karen J. Meslow  
1386 Knollwood Lane  
Mendota Heights, Minnesota 55118

Gerald L. Meyer  
415 Riverview Court  
Great Falls, Montana 59404

Lawrence A. Oberman  
2312 Indian Ridge Drive  
Glenview, Illinois 60026

Peter E. & Judith C. Obermeyer  
5913 Hansen Road  
Edina, Minnesota 55436

Dale R. Olseth  
132 Homedale Road  
Hopkins, Minnesota 55343

Olseth Family Grandchildren's Educational  
Trust  
132 Homedale Road  
Hopkins, Minnesota 55343

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5050 Lincoln Drive, #420  
Edina, Minnesota 55436

Wayne & Marlene Rognlin  
105 9th Avenue  
Aberdeen, Washington 98520

Patrick A. & Karen D. Smith  
1305 Westview Terrace  
Columbia, Missouri 65203

Lester J. & Darlene K. Swenson  
16575 Lake Ridge Drive North  
Maple Grove, Minnesota 55311-1455

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Bloomington, Minnesota 55431

Trigran Investments, Inc.  
3201 Old Glenview Road, Suite 235  
Wilmette, Illinois 60091

Ronald A. Tschetter  
300 40th Avenue South #28  
Great Falls, Montana 59405

Richard H. Warden  
P.O. Box 236  
Annandale, Minnesota 55302

Yost Partnership, L.P.  
27 North Wacker Drive, Suite 1200  
Chicago, IL 60606

Steven J. & Barbara B. Zawadski  
5476 Lake Avenue  
Shoreview, Minnesota 55126

**Continuation of Box 4. Application Number(s) or Patent Number(s):**

Patent Application No.	Filing Date
10/821,446	04/09/2004
10/351,699	01/27/2003
10/351,743	01/27/2003
10/351,682	01/27/2003
10/678,959	10/02/2003
10/700,188	11/03/2003
10/821,447	04/09/2004
10/821,721	04/09/2004
10/982,640	11/05/2004
10/983,102	11/05/2004
10/982,639	11/05/2004
10/821,719	04/09/2004
10/703,672	11/07/2003
11/115,436	04/27/2005
10/822,076	04/09/2004
11/010,208	12/11/2004
11/097,113	04/01/2005
60/608,816	09/10/2004
60/692,224	06/20/2005
60/643,074	01/11/2005
60/667,417	04/01/2005
60/653,415	02/16/2005

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of June 9, 2005 ("Security Agreement"), is made by Otologics, L.L.C., a Missouri limited liability company ("Grantor"), in favor of the persons and entities listed on the Schedule of Secured Parties, attached hereto (each a "Secured Party" and collectively the "Secured Parties").

### Recitals

A. Pursuant to that certain Secured Note and Warrant Purchase Agreement dated as of June 9, 2005 (as the same may from time to time be amended, modified, supplemented or restated, the "Purchase Agreement"), by and among Grantor and the Secured Parties, the Secured Parties have agreed to make certain advances of money and to extend certain financial accommodation to Grantor as evidenced by certain Secured Convertible Promissory Notes (each, a "Note" and, collectively, the "Notes"), each made by Grantor and payable to the Secured Parties (such advances and financial accommodations, the "Loans").

B. Secured Parties are willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall have executed and delivered to Secured Parties this Security Agreement.

### Agreement

NOW, THEREFORE, in order to induce Secured Parties to make the Loans and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Grantor hereby represents, warrants, covenants and agrees as follows:

1. **DEFINED TERMS.** When used in this Security Agreement the following terms shall have the following meanings (such meanings being equally applicable to both the singular and plural forms of the terms defined). All capitalized terms used herein, and not otherwise defined herein, shall have the respective meanings given to them in the Purchase Agreement and in the Notes:

"Bankruptcy Code" means Title XI of the United States Code.

"Collateral" shall have the meaning assigned to such term in Section 2 of this Security Agreement.

"Event of Default" means (a) any failure by Grantor forthwith to pay or perform any of the Secured Obligations, (b) any report, information or notice made to, obtained or received by Secured Parties at any time after the date hereof indicating that Secured Parties' security interest is not prior to all other security interests or other interests reflected in such report, information or notice, except as a result of any Permitted Lien or as otherwise permitted hereunder, (c) any breach by Grantor of any warranty, representation, or covenant set forth herein in any material respect, and (d) any "Event of Default" as defined in the Notes.

"Lien" means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"Other Intellectual Property" means any intellectual property, inventions, designs, service marks, trademarks, trade secrets, internet domain names, engineering drawings, good will, registrations, copyrights, royalties and licensing and product rights, other than Patents.

"Patent License" means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right with respect to any invention on which a Patent is in existence (whether Grantor is the licensee or the licensor thereof).

"Patents" means all of the following in which Grantor now holds any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all reissues, divisions, continuations, renewals, continuations-in-part or extensions thereof; (c) all petty patents, divisionals and patents of addition; (d) all patents to issue in any such applications; (e) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to patents, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (f) rights to sue for past, present and future infringements of any patent.

"Permitted Lien" means: (a) any Liens existing on the date of this Security Agreement and set forth on Schedule A attached hereto; (b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings, provided the same have no priority over any of Secured Parties' security interests; (c) leases or subleases and licenses or sublicenses granted to others in the ordinary course of Grantor's business if such are otherwise permitted under this Security Agreement and do not interfere in any material respect with the business of Grantor; (d) any right, title or interest of a licensor under a license provided that such license or sublicense does not prohibit the grant of the security interest granted hereunder; (e) Liens arising from judgments, decrees or attachments; (f) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods and incurred in the ordinary course of Grantor's business; (g) Liens, not otherwise permitted, which Liens do not in the aggregate exceed \$10,000 at any one time; and (h) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clause (a) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

"Secured Obligations" means (a) the obligation of Grantor to repay Secured Parties all of the unpaid principal amount of, and accrued interest on (including any interest that accrues after the commencement of bankruptcy), the Loans; (b) the obligation of Grantor to pay any fees, costs and expenses of Secured Parties under the Notes, the Purchase Agreement or under Section 5(c) of this Security Agreement; and (c) all other indebtedness, liabilities and obligations of

Grantor to Secured Parties, whether now existing or hereafter incurred, and whether created under, arising out of or in connection with any written agreement or otherwise.

"Security Agreement" means this Security Agreement and all Schedules hereto, as the same may from time to time be amended, modified, supplemented or restated.

"UCC" means the Uniform Commercial Code as the same may from time to time be in effect in the State of Colorado (and each reference in this Security Agreement to an Article thereof (denoted as a Division of the UCC as adopted and in effect in the State of Colorado) shall refer to that Article (or Division, as applicable) as from time to time in effect); provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Secured Parties' security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Colorado, the term "UCC" shall mean the Uniform Commercial Code (including the Articles thereof) as in effect at such time in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

**2. GRANT OF SECURITY INTEREST.** As collateral security for the full, prompt, complete and final payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce Secured Parties to cause the Loans to be made, Grantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to each Secured Party, and hereby grants to each Secured Party, a security interest in all of Grantor's right, title and interest in, to and under the following, whether now owned or hereafter acquired, (all of which being collectively referred to herein as the "Collateral");

(a) all Patents (other than those Patents listed on the attached Schedule B hereto which shall not be subject to the security interest granted under this Security Agreement);

(b) all Other Intellectual Property; and

(c) to the extent not otherwise included, all "proceeds" (as defined in the UCC) of each of the foregoing, and all accessions to, substitutions and replacements for and rents, profits and products of each of the foregoing.

**3. REPRESENTATIONS AND WARRANTIES.** Grantor hereby represents and warrants to Secured Parties that:

(a) Except for the security interest granted to Secured Parties under this Security Agreement and Permitted Liens, Grantor is the sole legal and equitable owner of or has the power to transfer or, as to intellectual property licensed from other persons, licenses each item of the Collateral in which it purports to grant a security interest hereunder, having good and marketable title thereto or the power to transfer, free and clear of any and all Liens except for Permitted Liens.

(b) No effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral exists, except



such as may have been filed by Grantor in favor of Secured Parties pursuant to this Security Agreement and except for Permitted Liens.

(c) This Security Agreement creates a legal and valid security interest on and in all of the Collateral in which Grantor now has rights. This Security Agreement will create a legal and valid security interest in the Collateral in which Grantor later acquires rights, when Grantor acquires those rights subject only to Permitted Liens.

(d) Grantor's taxpayer identification number is, and chief executive office, principal place of business, and the place where Grantor maintains its records concerning the Collateral are presently located at the address set forth on the signature page hereof. Grantor is a limited liability company organized under the laws of the State of Missouri.

(e) All registered Patents and Patent Licenses now owned, held or in which Grantor otherwise has any interest are listed on Schedule C attached hereto, other than the Patents which are not subject to the security interest granted under this Security Agreement and are listed on Schedule B attached hereto.

4. **COVENANTS.** Grantor covenants and agrees with Secured Parties that from and after the date of this Security Agreement and until the Secured Obligations have been performed and paid in full:

(a) **Disposition of Collateral.** Grantor shall not sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so, other than (i) the sale of inventory, and (ii) the granting of non-exclusive licenses, all in the ordinary course of Grantor's business.

(b) **Change of Jurisdiction of Organization, Relocation of Business or Collateral.** Grantor shall not change its jurisdiction of organization, relocate its chief executive office, principal place of business or its records, or allow the relocation of any Collateral (other than to another location in Boulder County, Colorado after providing advance notice to the Secured Parties) from such address(es) provided to Secured Parties pursuant to Section 3(d) of this Security Agreement without thirty (30) days prior written notice to Secured Parties.

(c) **Limitation on Liens on Collateral.** Grantor shall not, directly or indirectly, create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral, except (i) Permitted Liens and (ii) the Lien granted to Secured Parties under this Security Agreement.

(d) **Defense of Intellectual Property.** Grantor shall use commercially reasonable efforts to (i) protect, defend and maintain the validity and enforceability of the Patents, (ii) detect infringements of the Patents, trademarks and copyrights and promptly advise Secured Parties in writing of material infringements detected, and (iii) not allow any Patents, trademarks and copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Secured Parties unless reasonable business practice would determine that any such abandonment is appropriate.

**(e) Further Assurances.** At any time and from time to time, upon the written request of Secured Parties, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver, and Grantor hereby authorizes the Secured Parties to prepare and record with the appropriate filing authorities where permitted by law, any and all such further instruments and documents and take such further action as Secured Parties may reasonably deem necessary or desirable to obtain the full benefits of this Security Agreement, including, without limitation, (i) using its best efforts to secure all consents and approvals necessary or appropriate for the grant of a security interest consistent herewith to Secured Parties, and (ii) executing (where required by law), delivering and causing to be filed any financing or continuation statements (including "in lieu" continuation statements) under the UCC and notices of recordation or collateral assignment documents with the United States Patent and Trademark Office with respect to the security interests granted hereby. Any recording or filing made by any Secured Party in connection with this Security Agreement shall be made as agent solely for the purpose of perfecting any Secured Party's security interest that has failed to make such filing.

## **5. RIGHTS AND REMEDIES UPON DEFAULT.**

**(a)** Following any Event of Default and while such Event of Default is continuing, Secured Parties may exercise in addition to all other rights and remedies granted to them under this Security Agreement, the Purchase Agreement, the Notes and under any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of Secured Parties under the UCC.

**(b)** Grantor agrees that in any sale of any of such Collateral, whether at a foreclosure sale or otherwise, Secured Parties are hereby authorized to comply with any limitation or restriction in connection with such sale as they may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications and restrict such prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental authority, and Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall Secured Parties be liable nor accountable to Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

**(c)** Grantor also agrees to pay all fees, costs and expenses of Secured Parties, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of their rights and remedies hereunder.

**(d)** Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

**(e)** The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral and all other payments received by any Secured Party during the continuation of

an Event of Default shall be held in trust by the relevant Secured Party and be distributed by Secured Party in the following order of priorities:

**FIRST**, to Secured Parties in an amount sufficient to pay in full the reasonable costs of Secured Parties in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances incurred or made by Secured Parties in connection therewith, including, without limitation, reasonable attorneys' fees;

**SECOND**, to Secured Parties in an amount equal to the then unpaid Secured Obligations; and

**FINALLY**, upon payment in full of the Secured Obligations, to Grantor or its representatives, in accordance with the UCC or as a court of competent jurisdiction may direct.

**6. INDEMNITY.** Grantor agrees to defend, indemnify and hold harmless Secured Parties and their officers, employees, and agents against (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Security Agreement and (b) all losses or expenses in any way suffered, incurred, or paid by Secured Parties as a result of or in any way arising out of, following or consequential to transactions between Secured Parties and Grantor, whether under this Security Agreement or otherwise (including without limitation, reasonable attorneys fees and expenses), except for losses arising from or out of Secured Parties' gross negligence or willful misconduct.

**7. LIMITATION ON SECURED PARTIES' DUTY IN RESPECT OF COLLATERAL.** Secured Parties shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if they take such action as Grantor requests in writing, but failure of Secured Parties to comply with any such request shall not in itself be deemed a failure to act reasonably, and no failure of Secured Parties to do any act not so requested shall be deemed a failure to act reasonably.

**8. REINSTATEMENT.** This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

**9. ACTIONS BY THE SECURED PARTIES AND AMENDMENTS.** All actions, omissions and decisions of the Secured Parties hereunder or any amendment of the Notes, the Purchase Agreement, or this Security Agreement (each called herein "Act of the Secured Parties") shall be determined by and require the written consent of the individuals and entities holding Notes

holding at least sixty-six percent (66%) of the outstanding and unpaid principal amount owing under all Notes then outstanding. Each Secured Party shall take such actions and execute such documents as may be necessary to confirm or accomplish any Act of the Secured Parties. Notwithstanding the foregoing, the consent of each affected Secured Party shall be necessary to either (a) release the security interest in any Collateral, except as provided under Section 11.2 of this Security Agreement, or (b) amend the terms and conditions upon which the security interest in any Collateral will be released as provided under Section 11.2 of this Security Agreement.

**10. UNEQUAL PAYMENT BY GRANTOR.** Except with respect to any and all payments to Affinity Ventures III, L.P. upon maturity of its Note (which matures earlier than the other Notes), which payments shall not in any way be governed by this Section 10, each Secured Party agrees that if it shall, through the exercise of any right granted to the Secured Parties under this Security Agreement, under the Notes or by applicable law, including, but not limited to any right of set-off, any secured claim under Section 506 of the Bankruptcy Code or any other security or interest arising from, or in lieu of such secured claim, and received by such Secured Parties under any applicable bankruptcy, insolvency or other similar law, or otherwise, obtain payment in respect of its Loan as a result of which the unpaid portion of its Loan is proportionally less than the unpaid portion of the Loans of the other Secured Parties, then (a) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Secured Parties a participation in the Loans of each such other Secured Party, so that the amount of such Secured Party's Loan and the participation in the Loans of the other Secured Parties shall be in the same proportion to all Loans then outstanding as the amount of its Loan prior to the obtaining of such payment was to the amount of all Loans outstanding prior to the obtaining of such payment and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that the Secured Parties share the benefits of such payment pro rata; provided that Grantor shall have no liability to any Secured Party as a result of any such action by another Secured Party. The term "Loan" as used in this paragraph shall include accrued interest thereon.

## **11. MISCELLANEOUS.**

### **11.1 No Waiver; Cumulative Remedies.**

(a) Secured Parties shall not by any act, delay, omission or otherwise be deemed to have waived any of their respective rights or remedies hereunder, nor shall any single or partial exercise of any right or remedy hereunder on any one occasion preclude the further exercise thereof or the exercise of any other right or remedy.

(b) The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

(c) None of the terms or provisions of this Security Agreement may be altered, modified or amended except by an instrument in writing, duly executed by Grantor and the requisite number of Secured Parties in accordance with Section 9 of this Security Agreement, provided, however, that the Grantor may enter into one or more amendments to this Security Agreement solely for purposes of adding one or more Purchasers (as defined in the Purchase Agreement) of Notes at Additional Closings (as defined in the Purchase Agreement) as Secured

Parties hereunder provided that the Grantor provides the Secured Parties with a copy of any such amendments immediately following the effective time of such amendments.

**11.2 Termination of this Security Agreement.** Subject to Section 8 of this Security Agreement, this Security Agreement shall terminate without the consent of any Secured Party upon the earlier of (a) payment and performance in full of the Secured Obligations, including through conversion of all outstanding balances under the Notes, or (b) when the manager of the Grantor has provided written notice to the Secured Parties that both (i) the Grantor has received at least [REDACTED] from the sale of Notes pursuant to any and all units received in connection with conversion of Existing Notes (as defined in the Purchase Agreement) into Notes pursuant to Section 1.3 of the Purchase Agreement) and/or through the sale of its preferred units or other equity securities, and (ii) the total cash, cash equivalents and short term interest bearing investments of Grantor are equal to or greater than the sum of (x) [REDACTED] and (y) the total amount of any accounts payable invoices, payroll obligations and tax liabilities which are delinquent or remain unpaid after their respective due dates, all of which are stated in accordance with generally accepted accounting principles.

**11.3 Successor and Assigns.** This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor, and shall, together with the rights and remedies of Secured Parties hereunder, inure to the benefit of Secured Parties, any future holder of any of the indebtedness and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the lien granted to Secured Parties hereunder.

**11.4 Governing Law.** In all respects, including all matters of construction, validity and performance, this Security Agreement and the Secured Obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws, except to the extent that the UCC provides for the application of the law of Grantor's jurisdiction of formation.

**[Remainder of Page Intentionally Left Blank]**

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

OTOLOGICS, L.L.C.

5445 Airport Boulevard  
Boulder, CO 80301

By: 

Jose Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

\_\_\_\_\_  
  
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# SCHEDULE C

## PATENTS COVERED BY SECURITY AGREEMENT

COUNTRYID	SERIALNO	FILE	PATENTNO	ISSUE	TITLE	STATUS
AT	92106852.4	04/22/1992	E134815	02/28/1996	022.EP.AT-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED
AU	2001268142	06/01/2001			006.WO.AU-PTL UTL MEASURING THE PERFORMANCE OF AN IMPLANTABLE MIDDLE EAR HEARING AID, AND THE RESPONSE OF A PATIENT WEARING SUCH A HEARING AID, METHOD AND APPARATUS FOR	PENDING
CA	2,071,240	06/15/1992	2,071,240	10/24/2000	022.CA-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED
CH	92106852.4	04/22/1992	0520153	02/28/1996	022.EP.CH-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED
DE	92106852.4	04/22/1992	69208535.1	02/28/1996	022.EP.DE-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED
EP	92106852.4	04/22/1992	0520153	02/28/1996	022.EP-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED
EP	01918817.6	3/19/2001			015.WO.EP-PTA UTL MOUNTING IMPLANTABLE HEARING AID DEVICE, APPARATUS AND METHOD FOR	PUBLISHED
EP	01922459.1	3/19/2001			017.WO.EP-PTA UTL POSITIONING IMPLANTABLE HEARING AID DEVICE, IMPROVED APPARATUS AND METHOD FOR	PUBLISHED
EP	01946047.6	6/1/2001			006.WO.EP-PTL UTL MEASURING THE PERFORMANCE OF AN IMPLANTABLE MIDDLE EAR HEARING AID, AND THE RESPONSE OF A PATIENT WEARING SUCH A HEARING AID, METHOD AND APPARATUS FOR	PUBLISHED
EP	02804001.2	11/20/2002			005.WO.EP-PTA UTL AUDIO INPUT TO IMPLANTABLE HEARING AIDS, METHOD AND APPARATUS FOR	PUBLISHED
EP	03711259.6	2/25/2003			002.WO.EP-PTA UTL EXTERNAL ASSESSMENT OF HEARING AIDS THAT INCLUDE IMPLANTED ACTUATORS, METHOD AND SYSTEM FOR	PUBLISHED
FR	92106852.4	04/22/1992	0520153	02/28/1996	022.EP-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED
GB	92106852.4	04/22/1992	0520153	02/28/1996	022.EP-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED
JP	177804/92	06/12/1992	3279646	02/22/2002	022.JP-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED
JP	2001-588291	3/19/2001			015.WO.JP-PTA UTL MOUNTING IMPLANTABLE HEARING AID DEVICE, APPARATUS AND METHOD FOR	PUBLISHED
JP	2001-588290	3/19/2001			017.WO.JP-PTA UTL POSITIONING IMPLANTABLE HEARING AID DEVICE, IMPROVED APPARATUS AND METHOD	PUBLISHED

C-1

COUNTRYID	SERIALNO	FILE	PATENTNO	ISSUE	TITLE	STATUS
					FOR	
JP	2001-588282	6/1/2001			006.WO.JP-PTL UTL MEASURING THE PERFORMANCE OF AN IMPLANTABLE MIDDLE EAR HEARING AID, AND THE RESPONSE OF A PATIENT WEARING SUCH A HEARING AID, METHOD AND APPARATUS FOR	PUBLISHED
US	09/583,202	05/30/2000	6,293,903	09/25/2001	015-PTA UTL MOUNTING IMPLANTABLE HEARING AID DEVICE, APPARATUS AND METHOD FOR	ISSUED
US	10/821,446	04/09/2004			032-PTA UTL PHASE BASED FEEDBACK OSCILLATION PREVENTION HEARING AID	PENDING
US	07/242,365	09/09/1988	4,988,333	01/29/1991	027-PTA UTL IMPLANTABLE MIDDLE EAR HEARING AID SYSTEM AND ACOUSTIC COUPLER THEREFOR	ISSUED
US	07/239,556	09/01/1988	5,024,224	06/18/1991	026-PTA UTL METHOD OF READOUT OF IMPLANTABLE HEARING AID DEVICE AND APPARATUS THEREFOR	ISSUED
US	07/420,292	10/12/1989	5,085,628	02/04/1992	024-PTA UTL IMPLANTABLE HEARING AID COUPLER DEVICE	ISSUED
US	07/368,602	06/20/1989	5,217,011	06/08/1993	025-PTA UTL METHOD AND APPARATUS FOR TRANSDERMAL COMMUNICATION	ISSUED
US	09/583,299	05/30/2000	6,491,622	12/10/2002	017-PTA UTL POSITIONING IMPLANTABLE HEARING AID DEVICE, IMPROVED APPARATUS AND METHOD FOR	ISSUED
US	10/083,024	02/26/2002	6,879,693	04/12/2005	004-PTA UTL EXTERNAL ASSESSMENT OF HEARING AIDS THAT INCLUDE IMPLANTED ACTUATORS, METHOD AND SYSTEM FOR	ISSUED
US	08/471,891	06/07/1995	5,702,342	12/30/1997	023-PTA UTL DIRECTIONALLY-CONTROLLABLE MOUNTING APPARATUS	ISSUED
US	09/583,315	05/30/2000	6,517,476	02/11/2003	014-PTA UTL CONNECTOR FOR IMPLANTABLE HEARING AID	ISSUED
US	09/991,398	11/20/2001	6,705,985	03/16/2004	011.01-PTA UTL OSSICULAR FIXATION OF IMPLANTABLE HEARING AID ACTUATOR, APPARATUS AND METHOD FOR	ISSUED
US	09/991,397	11/20/2001	6,537,201	03/25/2003	016.01-PTA UTL IMPLANTABLE HEARING AID WITH IMPROVED SEALING	ISSUED
US	09/991,735	11/21/2001	6,620,094	09/16/2003	005-PTA UTL AUDIO INPUT TO IMPLANTABLE HEARING AIDS, METHOD AND APPARATUS FOR	ISSUED
US	10/083,181	02/26/2002	6,712,754	03/30/2004	042-PTA UTL POSITIONING IMPLANTED HEARING AID ACTUATORS, METHOD AND SYSTEM FOR	ISSUED
US	09/734,964	12/12/2000	6,707,920	03/16/2004	009-PTA UTL IMPLANTABLE HEARING AID MICROPHONE	ISSUED
US	07/716,584	06/17/1991	5,282,858	02/01/1994	022-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED
US	10/821,721	04/09/2004			457-PTA UTL IMPLANTABLE	PENDING



COUNTRYID	SERIALNO	FILE	PATENTNO	ISSUE	TITLE	STATUS
					HEARING AID TRANSDUCER RETENTION APPARATUS	
US	10/822,076	04/09/2004			481-PTA UTL TRANSDUCER TO ACTUATOR INTERFACE	PENDING
US	10/821,719	04/09/2004			470-PTA UTL VARIABLE RELUCTANCE MOTOR	PENDING
US	60/608,816	09/10/2004			501-PTA PRO ADJUSTABLE BONE BRACKET	PENDING
US	11/097,113	04/01/2005			495.01-PTA UTL LOW ACCELERATION SENSITIVITY MICROPHONE	PENDING
US	10/821,824	04/13/2004	6,726,618	04/27/2004	037.01-PTA UTL HEARING AID WITH INTERNAL ACOUSTIC MIDDLE EAR TRANSDUCER	ISSUED
US	10/983,102	11/05/2004			465.01-PTA UTL PASSIVE VIBRATION ISOLATION OF MICROPHONE ASSEMBLY	PENDING
US	11/010,208	12/11/2004			483.01-PTA UTL ELECTROPHYSIOLOGICAL MEASUREMENT METHOD AND SYSTEM FOR POSITIONING AN IMPLANTABLE HEARING INSTRUMENT TRANSDUCER	PENDING
US	10/982,640	11/05/2004			464.01-PTA UTL MICROPHONE OPTIMIZED FOR IMPLANT USE	PENDING
US	10/982,639	11/05/2004			469.01-PTA UTL ACTIVE VIBRATION ATTENUATION FOR IMPLANTABLE MICROPHONE	PENDING
US	10/821,447	04/09/2004			451-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER SYSTEM	PENDING
US	60/667,417	04/01/2005			521-PTA PRO OSSICLES PROSTHESIS	PENDING
US	10/700,188	11/03/2003			450-PTA UTL OBTAINING DIAGNOSTIC INFORMATION RELATING TO A PATIENT HAVING AN IMPLANTED TRANSDUCER, METHOD FOR	PENDING
US	10/351,682	01/27/2003			434-PTA UTL APPARATUS FOR CONNECTION OF IMPLANTABLE DEVICES TO THE AUDITORY SYSTEM	PENDING
US	60/643,074	01/11/2005			517-PTA PRO ACTIVE VIBRATION ATTENUATION FOR IMPLANTABLE MICROPHONE	PENDING
US	10/703,672	11/07/2003			433-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER INTERFACE	PENDING
US	60/653,415	02/16/2005			522-PTA PRO INTEGRATED IMPLANTABLE HEARING DEVICE MICROPHONE AND POWER UNIT	PENDING
US	10/082,989	2/26/2002			002-PTA UTL EXTERNAL ASSESSMENT OF HEARING AIDS THAT INCLUDE IMPLANTED ACTUATORS, METHOD AND SYSTEM FOR	PUBLISHED
US	09/872,079	6/1/2001			006.01-PTA UTL MEASURING THE PERFORMANCE OF AN IMPLANTABLE MIDDLE EAR HEARING AID, AND THE RESPONSE OF A PATIENT WEARING SUCH A HEARING AID, METHOD AND	PUBLISHED

COUNTRYID	SERIALNO	FILE	PATENTNO	ISSUE	TITLE	STATUS
					APPARATUS FOR	
US	10/394,499	3/20/2003			011.01.01-PTA UTL CIP OSSICULAR FIXATION OF IMPLANTABLE HEARING AID ACTUATOR, APPARATUS AND METHOD FOR	PUBLISHED
US	10/082,988	2/26/2002			021-PTA UTL FREQUENCY RESPONSE EQUALIZATION SYSTEM FOR HEARING AID MICROPHONES	PUBLISHED
US	10/351,699	1/27/2003			427-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER WITH ADVANCEABLE ACTUATOR TO FACILITATE COUPLING WITH THE AUDITORY SYSTEM	PUBLISHED
US	10/351,743	1/27/2003			428-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER WITH ACTUATOR INTERFACE	PUBLISHED
US	10/678,959	10/2/2003			449.01-PTA UTL RETENTION APPARATUS FOR AN EXTERNAL PORTION OF A SEMI-IMPLANTABLE HEARING AID	PUBLISHED
WO	PCT/US2004/041642	12/14/2004			483.WO-PTA UTL ELECTROPHYSIOLOGICAL MEASUREMENT METHOD AND SYSTEM FOR POSITIONING AN IMPLANTABLE HEARING INSTRUMENT TRANSDUCER	PENDING
WO	PCT/US2005/011115	04/01/2005			495.WO-PTA UTL LOW ACCELERATION SENSITIVITY MICROPHONE	PENDING
WO	PCT/US2005/012425	04/11/2005			470.WO-PTA UTL VARIABLE RELUCTANCE MOTOR	PENDING
WO	PCT/US2005/012443	04/11/2005			032.WO-PTA UTL PHASE BASED FEEDBACK OSCILLATION PREVENTION IN HEARING AIDS	PENDING
WO	PCT/US2004/036883	11/08/2004			465.WO-PTA UTL PASSIVE VIBRATION ISOLATION OF IMPLANTED MICROPHONE	PENDING
WO	PCT/US2004/037171	11/08/2004			464.WO-PTA UTL MICROPHONE OPTIMIZED FOR IMPLANT USE	PENDING
WO	PCT/US2004/036072	10/28/2004			450.WO-PTA UTL OBTAINING DIAGNOSTIC INFORMATION RELATING TO A PATIENT HAVING AN IMPLANTED TRANSDUCER, METHOD FOR	PENDING
WO	PCT/US2004/035718	10/28/2004			433.WO-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER INTERFACE	PENDING
WO	PCT/US2004/037318	11/08/2004			469.WO-PTA UTL ACTIVE VIBRATION ATTENUATION FOR IMPLANTABLE MICROPHONE	PENDING
WO	PCT/US2004/002389	1/27/2004			434.WO-PTA UTL APPARATUS FOR CONNECTION OF IMPLANTABLE DEVICES TO THE AUDITORY SYSTEM	PUBLISHED
WO	PCT/US2004/002280	1/27/2004			428.WO-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER WITH ACTUATOR INTERFACE	PUBLISHED
WO	PCT/US2004/002277	1/27/2004			427.WO-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER WITH ADVANCEABLE ACTUATOR TO FACILITATE COUPLING	PUBLISHED

COUNTRYID	SERIALNO	FILE	PATENTNO	ISSUE	TITLE	STATUS
					WITH THE AUDITORY SYSTEM	
WO	PCT/US2004/008620	3/22/2004			011.01.01.WO-PTA UTL CIP OSSICULAR FIXATION OF IMPLANTABLE HEARING AID ACTUATOR, APPARATUS AND METHOD FOR	PUBLISHED

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

ADDRESS OF GRANTOR:

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By: 

Jose Bedoya, Manager

TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

43-1744486

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES

Affinity Ventures III, L.P.

By: 

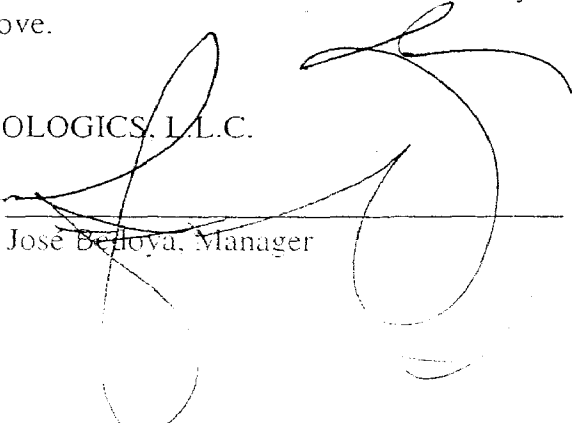
Edson W. Spencer, Jr.  
Managing Member  
Affinity Capital Advisors III, LLC  
General Partner to Affinity  
Ventures III, L.P.

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
Jose Berroja, Manager

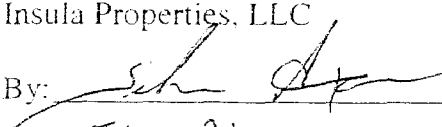
**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Insula Properties, LLC

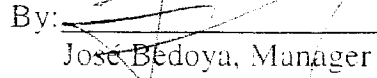
By:   
John Aton  
Managing Partner

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
Jose Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Sterling Trust Company, Custodian  
FBO John David Aton, Acct. No. 068298

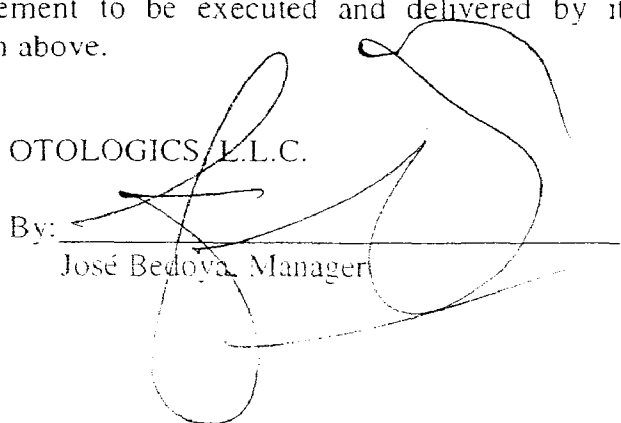
By: 

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Dean Belbas, Trustee of the Dean Belbas  
Revocable Trust Dated March 16, 1998

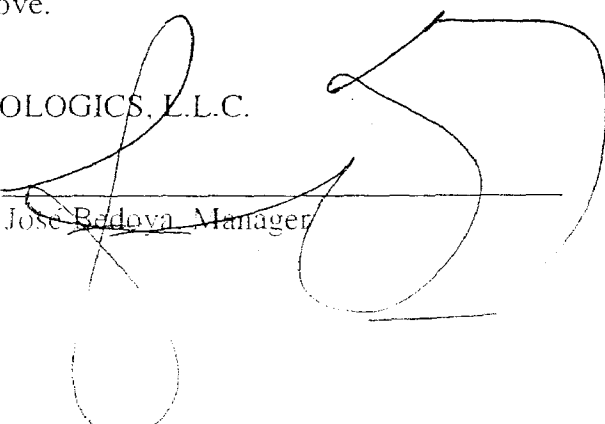
By: 

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

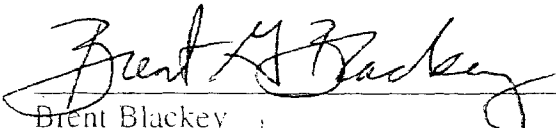
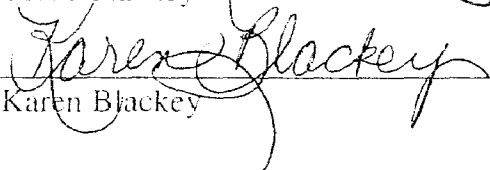
By:   
Jose Badova, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Brent Blackey  
  
Karen Blackey

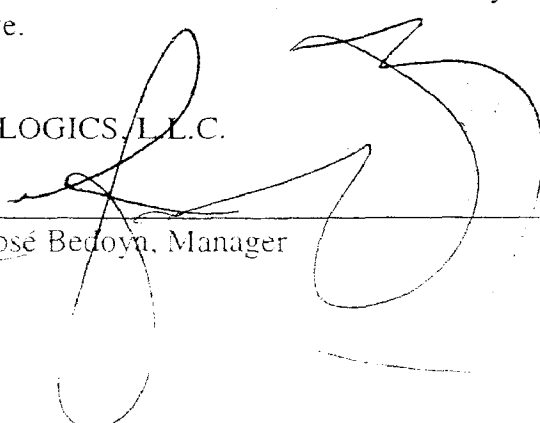


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**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

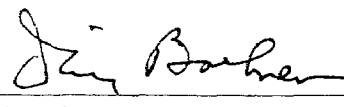
By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

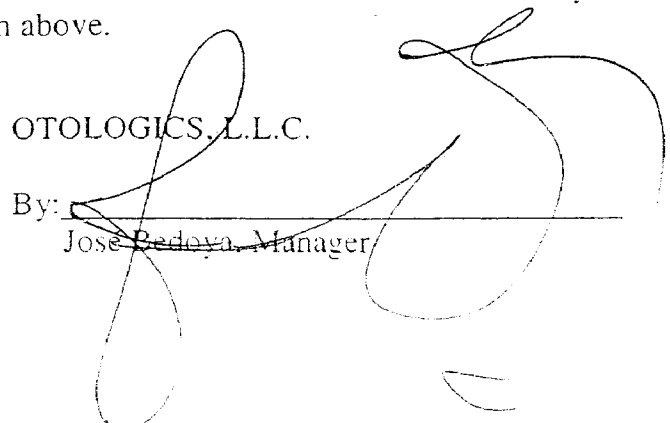
  
\_\_\_\_\_  
David L. Boehnen

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.


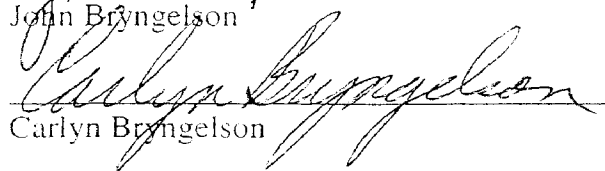
By:   
Jose Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

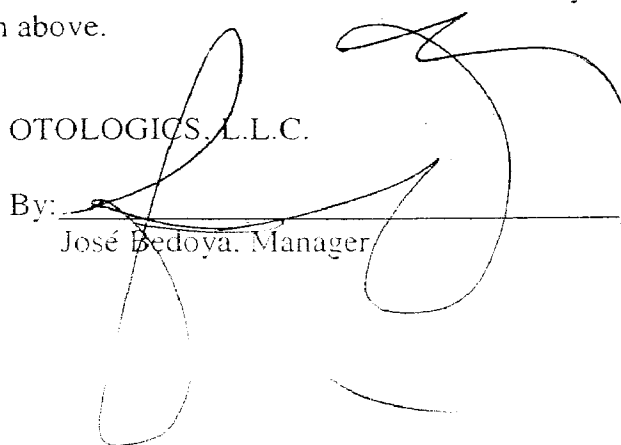
  
John Bryngelson  
  
Carlyn Bryngelson

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

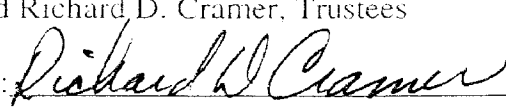
**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Richard D. Cramer Revocable Trust,  
dated January 25, 2005, Helen D. Cramer  
and Richard D. Cramer, Trustees

By: 

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Dack Cattle Trust  
David B. Sogge, Trustee

By: 

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80501

OTOLOGICS, L.L.C.

By: [Signature]  
Jose Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

B R Direct Marketing, Inc.

By: [Signature]

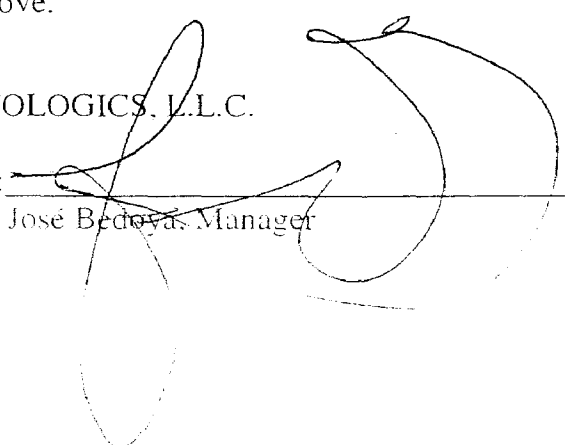
Title: President

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

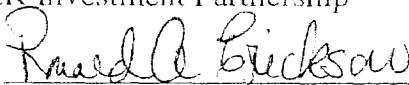
**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

D&R Investment Partnership

By:   
\_\_\_\_\_

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

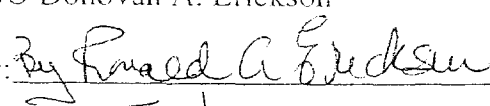
**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Alfred & Rose Erickson Trust  
FBO Donovan A. Erickson

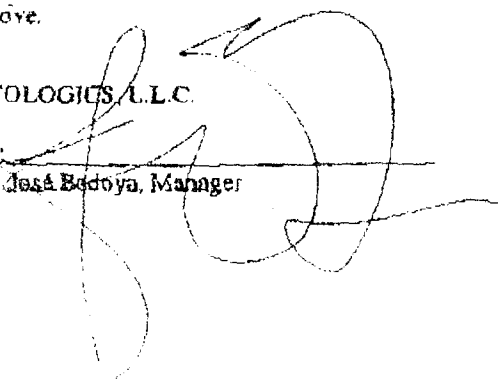
By:   
Trustee

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

ADDRESS OF GRANTOR:

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

04-170447

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES

  
Fred R. Friswold

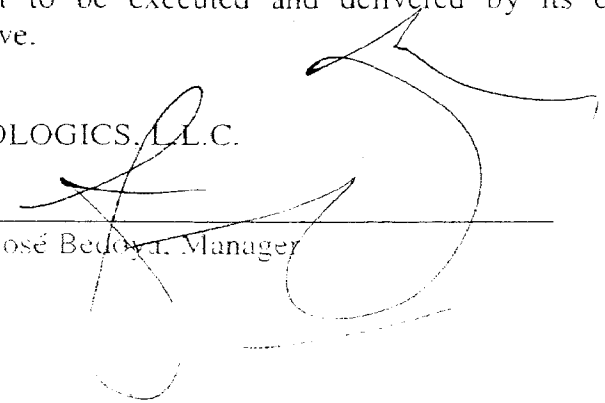


IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

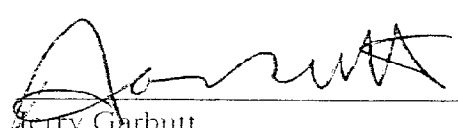
By:   
José Bedoya, Manager

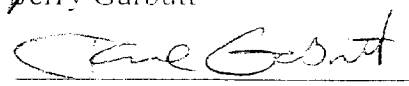
**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Jerry Garbutt

  
Jane Garbutt

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager


**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Dorsey R. Gardner 2002 Trust,  
dated January 16, 2003, Dorsey R. Gardner  
and John F. O'Brien Original Trustees

By:  20.2 Trust  
dated January 16, 2003, Dorsey R. Gardner  
and John F. O'Brien Original Trustees

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

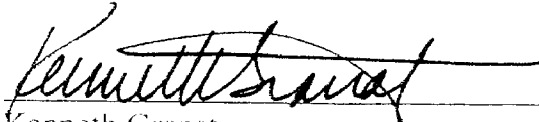
By:   
José Bedoya, Manager


**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Kenneth Granat

  
Nancy J. Granat

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

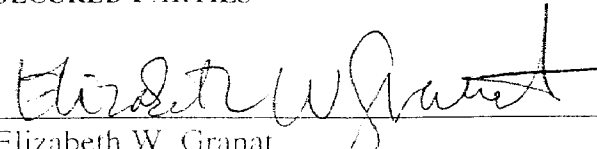
By:   
José Beroya, Manager

TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Elizabeth W. Granat

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Les Hardy, Jr. Living Trust  
Les Hardy, Jr. Trustee

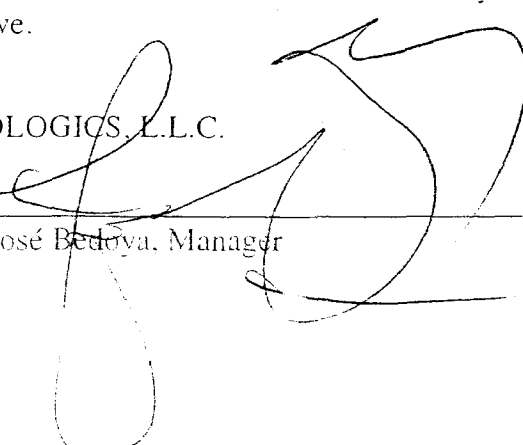
By: 

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Kay L. Hardy Living Trust  
Kay L. Hardy, Trustee

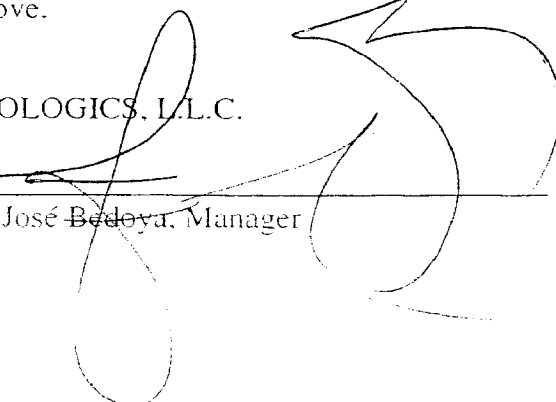
By: 

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**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

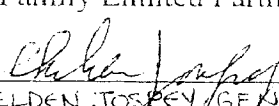
**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Jospey Family Limited Partnership

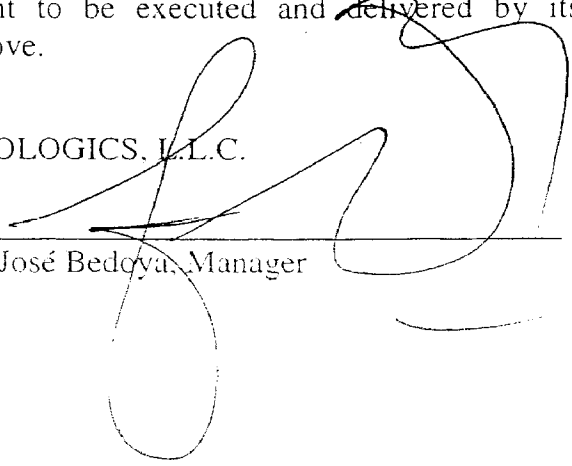
By:   
SHELDEN JOSPEY, GENERAL PARTNER

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

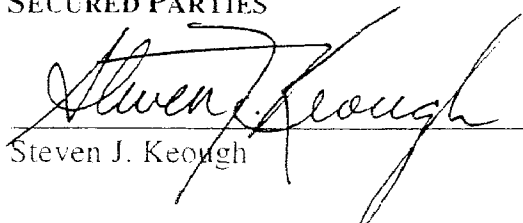
By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Steven J. Keough



IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

ADDRESS OF GRANTOR:

6445 - West Boulevard  
Boulder, CO 80503

OTOLOGICS, L.L.C.

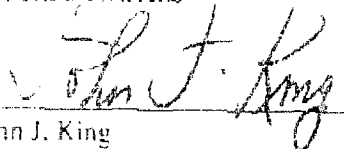
6445 - West Boulevard  
Boulder, CO 80503

TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

43-1744486

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES

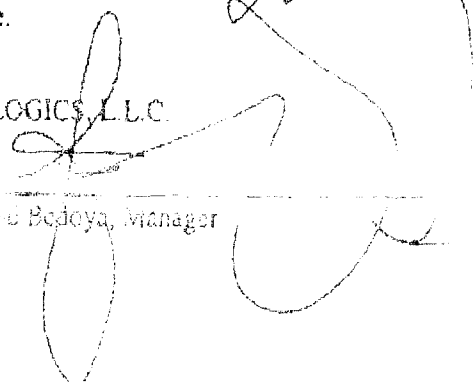
  
John J. King

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

ADDRESS OF GRANTOR:

5445 Airport Boulevard  
Denver, CO 80238

OTOLOGICS, L.L.C.

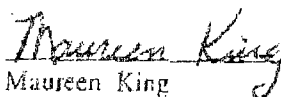
By   
Lord Bedoya, Manager

TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

43-1744486

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES

  
Maureen King

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**ADDRESS OF GRANTOR:**

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Boulder, CO 80301

OTOLOGICS, L.L.C.

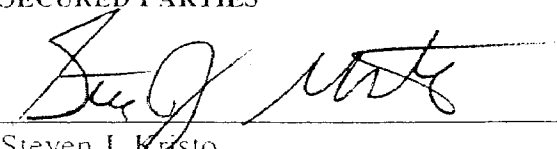
By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

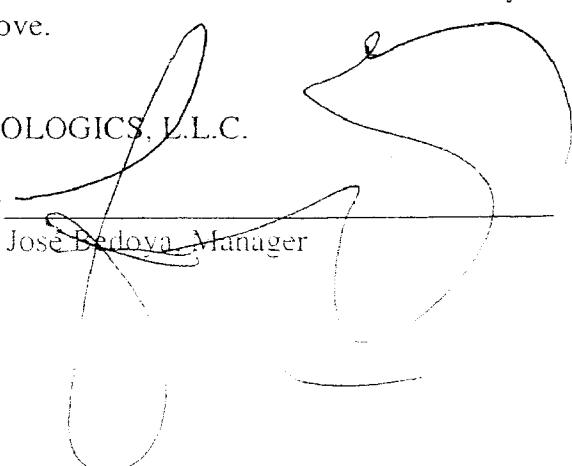
  
Steven J. Kristo

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**ADDRESS OF GRANTOR:**

5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
Jose Berdoya, Manager

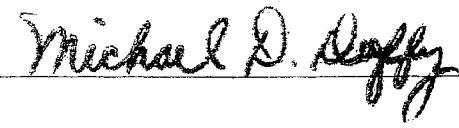
**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Piper Jaffrey as Custodian  
FBO Dan L. Lustavich IRA, Acct. #5050-3116

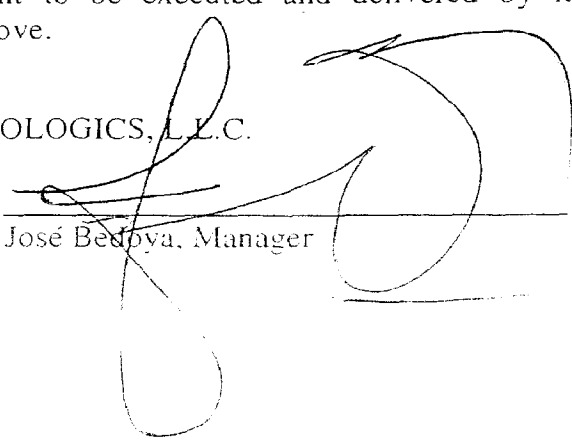
By: 

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Boulder, CO 80301

OTOLOGICS, L.L.C.

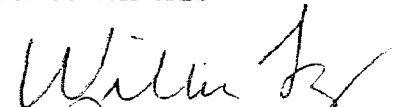
By:   
José Bedoya, Manager

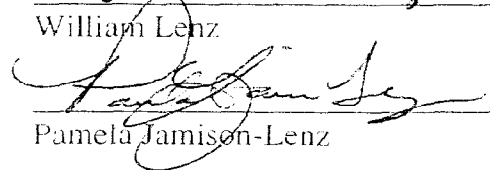
**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
William Lenz

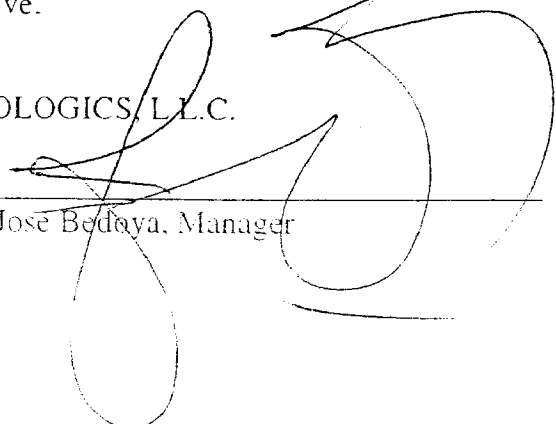
  
Pamela Jamison-Lenz

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
Jose Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Harry T. Lewis, Jr.

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

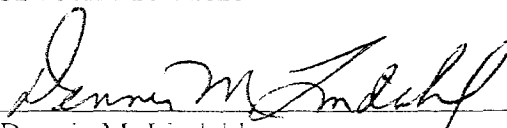
By:   
José Bedoya, Manager

TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

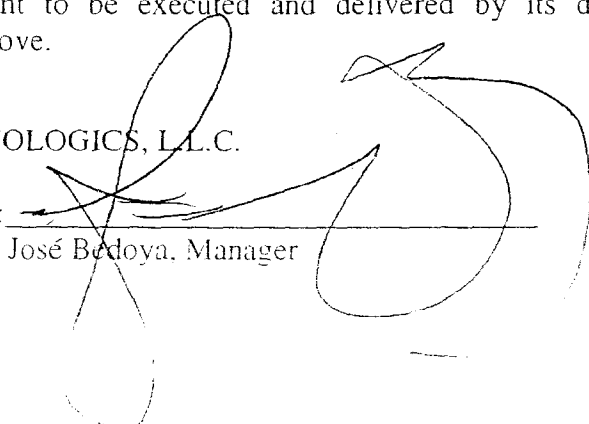
  
Dennis M. Lindahl

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

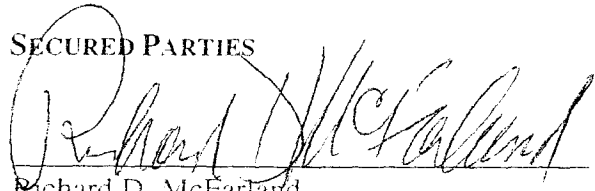
By:   
José Bedoya, Manager

TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Richard D. McFarland

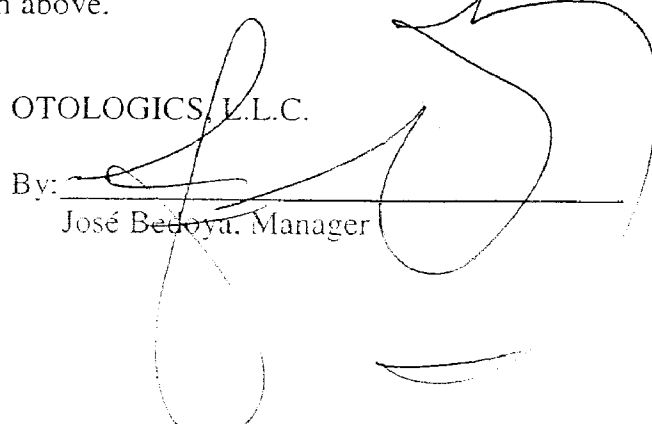


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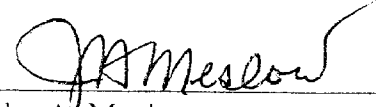
By:   
José Bedoya, Manager

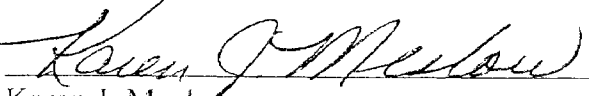
**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
John A. Meslow

  
Karen J. Meslow

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By: 

~~José Bedoya, Manager~~

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Gerald L. Meyer

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By: 

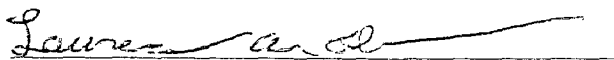
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**



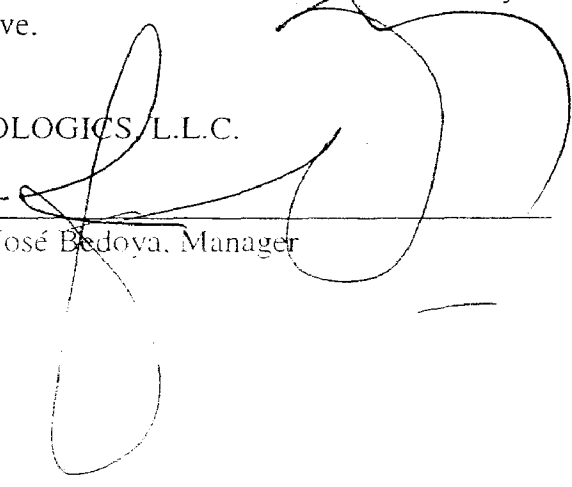
Lawrence A. Oberman

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.


By:   
José Bedoya, Manager

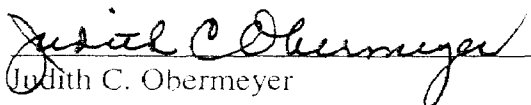
**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

 6-14-05  
Peter E. Obermeyer

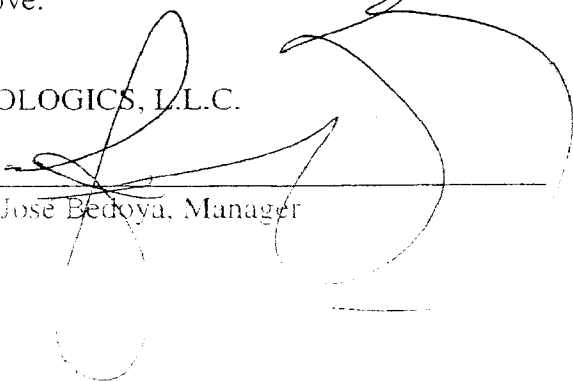
 6-14-05  
Judith C. Obermeyer

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.


By:   
Jose Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

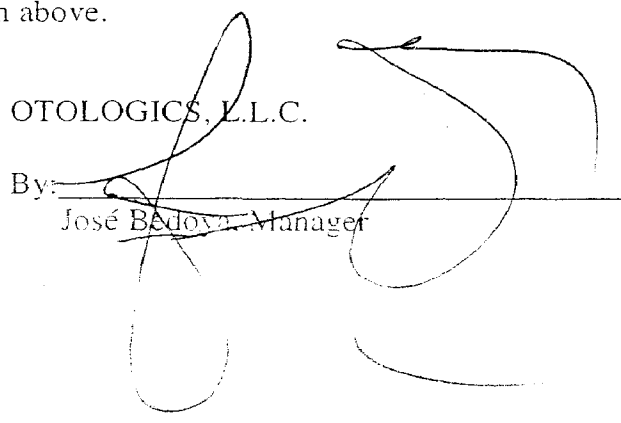
  
Dale R. Olseth

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Olseth Family Grandchildren's Educational Trust  
Dale R. Olseth, Trustee

By: DALE R. OLSETH

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

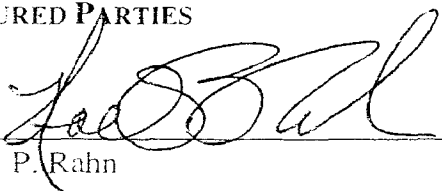
By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Noel P. Rahn

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5445 Airport Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By: \_\_\_\_\_

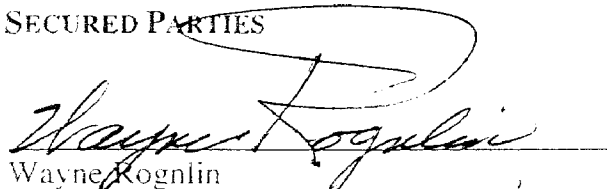
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Wayne Rognlin

  
Marlene Rognlin

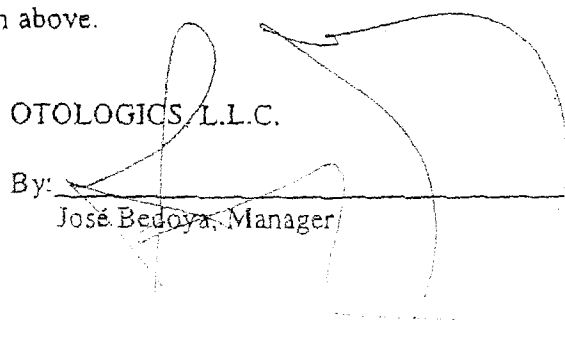


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Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
Jose Bedoya, Manager

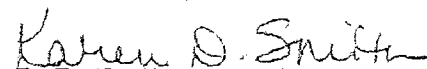
TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

43-1744436

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES

  
Patrick A. Smith

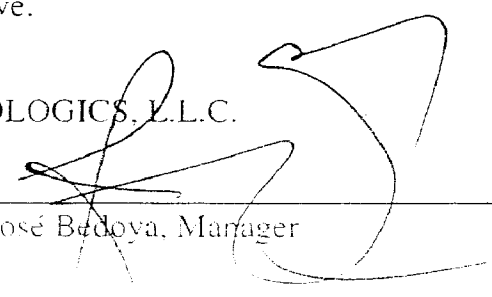
  
Karen D. Smith

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Boulder, CO 80301

OTOLOGICS, L.L.C.

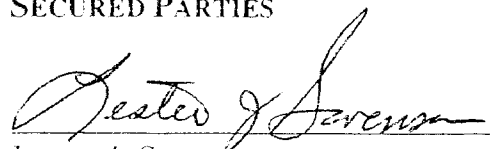
By:   
José Bedoya, Manager

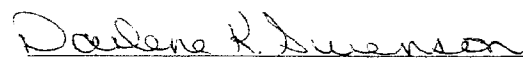
**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Lester J. Swenson

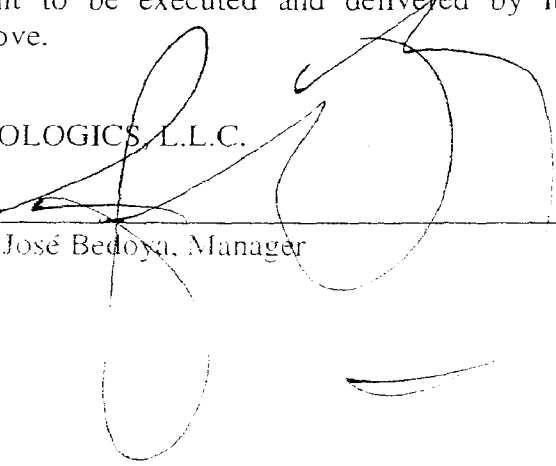
  
Darlene K. Swenson

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Boulder, CO 80301

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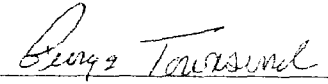
By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

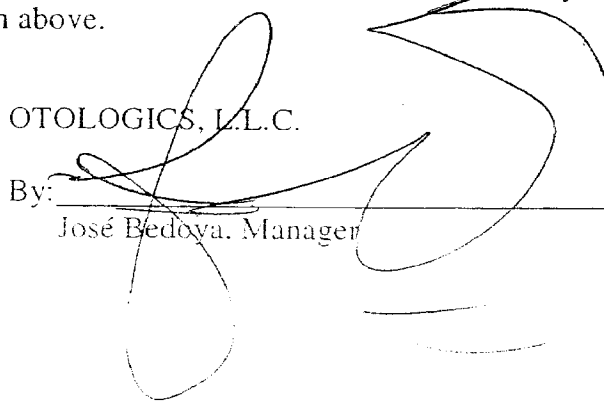
  
George Townsend

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Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

Trigran Investments, Inc.

By:  VP

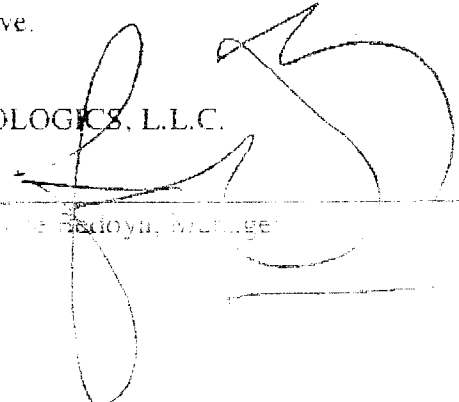
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ADDRESS OF GRANTOR:

5445 Airport Boulevard  
Boulder, CO 80501

OTOLOGICS, L.L.C.

By:

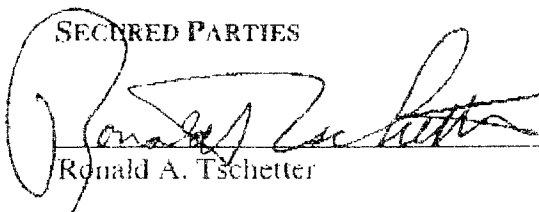
  
Julie Padovyn, Manager

TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

43-1744486

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES

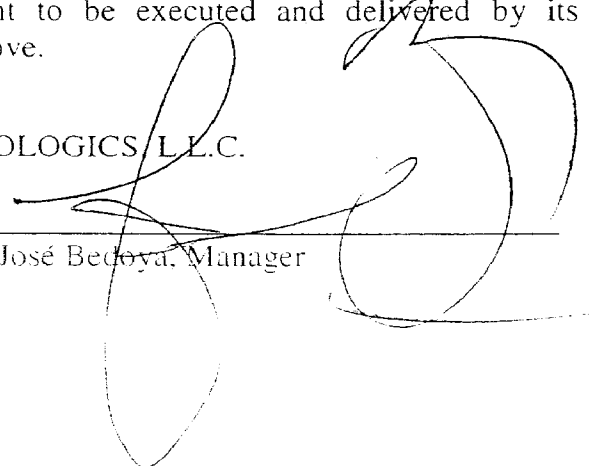
  
Ronald A. Tschetter

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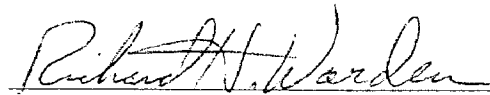
By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

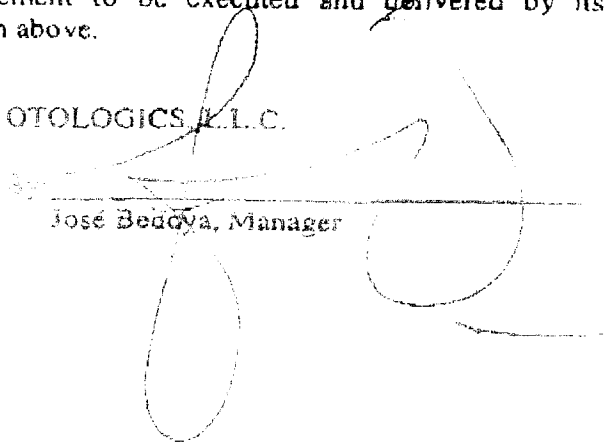
  
Richard H. Warden

IN WITNESS WHEREOF, each of the parties hereto has executed this Security Agreement or caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

ADDRESS OF GRANTOR:

54-5 Almont Boulevard  
Boulder, CO 80301

OTOLOGICS, L.L.C.

By:   
José Bedoya, Manager

TAXPAYER IDENTIFICATION NUMBER OF  
GRANTOR:

43-1744486

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES

Yost Partnership, L.P.

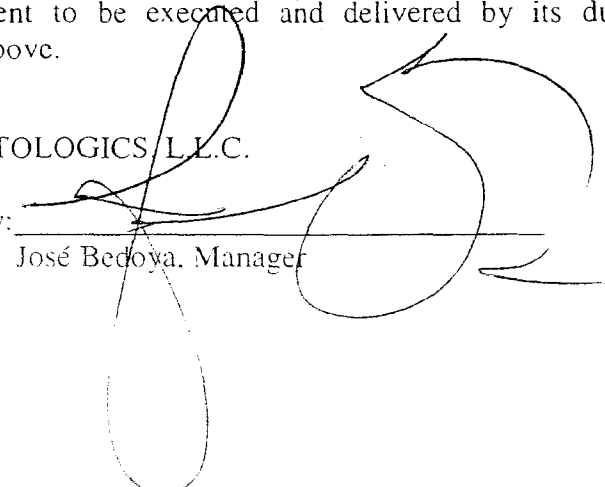
By: 

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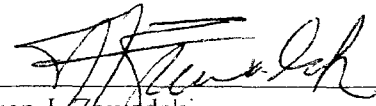
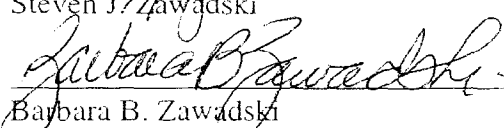
By:   
José Bedoya, Manager

**TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:**

43-1744486

**ACCEPTED AND ACKNOWLEDGED BY:**

**SECURED PARTIES**

  
Steven J. Zawadski  
  
Barbara B. Zawadski