

07-17-2006

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Tab settings

To the Director of the United States Patent and Trademark Office: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
Otologics, LLC
5445 Airport Boulevard
Boulder, Colorado 80301

2. Name and address of receiving party(ies):
Name: Affinity Ventures III, L.P.
Address: 901 Marquette Avenue, Suite 2820

Additional names(s) of conveying party(ies) Yes No

3. Nature of conveyance:

- Assignment Merger
- Security Agreement Change of Name
- Other 2nd Amend to Patent Security Agreement with Security Agreement

City: Minneapolis State/Prov.: Minnesota
Country: USA ZIP: 55402

Execution Date: April 21, 2006

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

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

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

Patent Application No.	Filing date	B. Patent No.(s)		
10/821,446	04/09/2004	6,293,903	6,517,476	6,712,754
10/821,721	04/09/2004	6,491,622	6,705,985	6,707,920
10/822,076	04/09/2004	6,879,693	6,537,201	6,726,618
10/821,719	04/09/2004	5,702,342	6,620,094	6,945,999

Additional numbers Yes No

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

Name: Thomas R. Marsh, Esq.
Registration No. 31,039
Address: Marsh Fischmann & Breyfogle LLP
3151 South Vaughn Way, Suite 411

City: Aurora State/Prov.: Colorado
Country: USA ZIP: 80014

6. Total number of applications and patents involved: **39**

7. Total fee (37 CFR 3.41):.....\$ 1,560.00

- Enclosed - Any excess or insufficiency should be credited or debited to deposit account
- Authorized to be charged to deposit account

8. Deposit account number:

50-1419

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Thomas R. Marsh

Name of Person Signing

Signature

July 10, 2006

Date

07/14/2006 DBYRNE 00000001 10821446

Total number of pages including cover sheet, attachments, and document: **109**

109

Mail documents to be recorded with required cover sheet information to:
Mail Stop Assignment Recordation Services
Director of the United States Patent and Trademark Office
P.O. Box 1450, Alexandria, VA 22313-1450

01 FC:8021

7-13-06

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

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

John A. Ferguson III
1299 Green Oaks Drive
Greenwood Village, Colorado 80121

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

GJ General Partnership
10405 31st Avenue North
Plymouth, Minnesota 55441

David Brandsness
5300 Ewing Avenue South
Minneapolis, Minnesota 55410

Peter T. Hall and Martha H. Margulis
10865 Piccadilly Square Drive
St. Louis, Missouri 63146

Matthew Brister
322 Scimitar Bay NW
Calgary, Alberta, Canada T3L 1L8

S. Albert D. Hanser, Trustee for S. Albert D.
Hanser Revocable Trust U/A
c/o Sanibel Captiva Trust Company
2407 Periwinkle Way, Suite 7
Sanibel, Florida 33957

Richard N. Brown
385 Clayton
Denver, Colorado 80206

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

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

Dan H. Carlson and Leslie T. Carlson
5031 North Mesa Drive
Castle Rock, Colorado 80108-9358

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

Stuart Clark
71 Silverstone Road N.W.
Calgary, Alberta, Canada T3B 4Y6

John and Karen Himle
13908 Emerald Ridge
Minnetonka, Minnesota 55305

Dack Cattle Trust
7640 South Argonne Street
Centennial, Colorado 80016

Eduardo and Diane Illanes
851 Evergreen Avenue
Boulder, Colorado 80304

Ronald F. Faust and Georgiana Faust
Trustees of the Faust Family Trust, UA
2244 Remington Square
Billings, Montana 59102

Elizabeth T. Johnson and Lee W. Johnson
Trustees of the Elizabeth T. Johnson Trust
Agreement
8450 Hidden Bay Trail North
Lake Elmo, Minnesota 55042

Lyle Kasprick
1067 Linden Lane
Orono, Minnesota 55364-9754

Karl V. Leaverton
14 Crescent Key
Bellevue, Washington 98006

Kathleen Kasprick
1067 Linden Lane
Orono, Minnesota 55364-9754

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P.O. Box 1892
Tubac, Arizona 85646

Maria Kenworthy
4534 Fremont Avenue South
Minneapolis, Minnesota 55419

Peter S. and Carolyn A. Lynch
82 Devonshire Street, S4A
Boston, Massachusetts 02109

Jerry and Martha King
830 Demun, Suite 302
Clayton, Missouri 63105

The Lynch Foundation
82 Devonshire Street, S4
Boston, Massachusetts 02109

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

Donald J. Moschetti
P.O. Box 4029
Tubac, Arizona 85646

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

Marjorie J. Pihl
4567 American Boulevard West
Minneapolis, Minnesota 55437

Margaret King and Mark Hails
3986 North Overlook Terrace
Portland, Oregon 97227-1053

William C. Randall
10303 Orchid Lane
Pine River, Minnesota 56474-2620

Laurie King
4015 North Overlook
Portland, Oregon 97227-1053

Daniel F. Rice
15 Verdant Valley Place
The Woodlands, Texas 77382

David G. King
7 Lawnwood Place
Charlestown, Massachusetts 02129

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

Jack J. Korff Trust
116 Mercer Court SE
Grand Rapids, Michigan 49506-1817

Gregory P. Shlopak
c/o Rockport Equity Management
63 Main Street
Gloucester, Massachusetts 01930

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

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

Richard Steele
1532 Tamarack Drive
Long Lake, Minnesota 55356-9514

Ronald C. White Trust
9398 Preston Place
Eden Prairie, Minnesota 55347-3397

H.R. Swanson Revocable Trust
547 Harrington Road
Wayzata, Minnesota 55391

WWF & Company
c/o Ms. Cindy Calderon
Intrinzia Family Office
1900 Foshay Tower
821 Marquette Avenue
Minneapolis, Minnesota 55402

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

R. Randall Vosbeck Revocable Trust
770A Potato Patch Drive
Vail, Colorado 81657

Joseph W. Wooller III
P.O. Box 4288
Tubac, Arizona 85646

Richard H. Warden
3541 Via del Tejedor
Green Valley, Arizona 85614

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

O. Burton Wastcoat Trust
110 Hitching Post Road
Bozeman, Montana 59715

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

Patent Application No.	Filing Date	Patent No.
11/097,113	04/01/2005	6,997,864
10/983,102	11/05/2004	
11/010,208	12/11/2004	
10/982,640	11/05/2004	
10/982,639	11/05/2004	
10/821,447	04/09/2004	
10/351,682	01/27/2003	
10/703,672	11/07/2003	
10/082,989	02/26/2002	
09/872,079	06/01/2001	
10/082,988	02/26/2002	
10/351,699	01/27/2003	
10/678,959	10/02/2003	
11/115,436	04/27/2005	
10/549,686	03/22/2004	
11/224,489	09/12/2005	
11/245,409	10/06/2005	
60/667,417	04/01/2005	
60/653,415	02/16/2005	
60/692,224	06/20/2005	
60/697,759	07/08/2005	
60/740,710	11/30/2005	

SECOND AMENDMENT TO SECURED NOTE AND WARRANT PURCHASE AGREEMENT, SECOND AMENDMENT TO SECURITY AGREEMENT AND SECOND AMENDMENT TO PATENT SECURITY AGREEMENT

THIS SECOND AMENDMENT TO SECURED NOTE AND WARRANT PURCHASE AGREEMENT, SECOND AMENDMENT TO SECURITY AGREEMENT AND SECOND AMENDMENT TO PATENT SECURITY AGREEMENT (this "Amendment") is made to be effective as of April 21, 2006, by and among Otologics, L.L.C., a Missouri limited liability company (the "Company") and the additional Purchasers who are signatories hereto (the "Additional Purchasers").

Recitals

A. The Company and the existing Purchasers have entered into that certain Secured Note and Warrant Purchase Agreement dated February 10, 2006, as amended by that certain First Amendment dated April 20, 2006 (as amended, the "Purchase Agreement"). Capitalized terms that are used in this Amendment, and not defined in this Amendment, shall have the meanings assigned to them in the Purchase Agreement.

B. The Company and the existing Purchasers have also entered into that certain Security Agreement and that certain Patent Security Agreement, each dated as of March 7, 2006 and each as amended by that certain First Amendment dated April 20, 2006 (collectively, as amended, the "Security Agreements").

C. The Company and the Additional Purchasers desire to further amend the Purchase Agreement in connection with the Company's sale of additional Notes with a cumulative principal balance of [REDACTED] at an Additional Closing on May 1, 2006, for purposes of making the Additional Purchasers parties thereto in accordance with the terms of the Purchase Agreement.

D. The Company and the Additional Purchaser desire to amend the Security Agreements at an Additional Closing for purposes of making the Additional Purchasers parties thereto in accordance with the terms of the Security Agreements.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to the terms and conditions set forth herein.

Amendments

1. Each of the Additional Purchasers hereby acknowledges his, her or its receipt of a copy of the Purchase Agreement and agrees to be bound by the terms of the Purchase Agreement as if he, she or it were an original party thereto. This Amendment shall constitute a counterpart signature page to the Purchase Agreement. All references to "Purchasers" in the Purchase Agreement shall include the Additional Purchasers.

2. Each of the Additional Purchasers hereby acknowledges his, her or its receipt of copies of the Security Agreements and agrees to be bound by the terms of the Security Agreements as if he, she or it were original parties thereto. This Amendment shall constitute a counterpart signature page to the Security Agreements. All references to "Secured Parties" in the Security Agreements shall include the Additional Purchasers.

3. The Schedule of Purchasers to the Purchase Agreement shall be replaced by the Schedule of Purchasers attached to this Amendment.

4. The Schedule of Secured Parties to the Security Agreements shall be replaced by the Schedule of Secured Parties attached to this Amendment.

5. This Amendment may be delivered via facsimile and may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

COMPANY:

OTOLOGICS, L.L.C.

By: _____

Jose Bedoya, Manager

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Affinity Ventures III, L.P.
By: Affinity Capital Advisors III, LLC

Print Legal Name of Purchaser: B. Its: General Partner

Signature: B. Kristine Johnson

Print Name of Person Executing: B. Kristine Johnson

Print Title of Person Executing: Managing Member

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Dean Belbas, Trustee of the Dean Belbas

Print Name of Purchaser: Revocable Trust Dated March 16, 1998.

Signature: Dean Belbas

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: BPR Direct Marketing Inc

Signature: Bart Davidson

Print Name of Person Executing: Bart Davidson

Print Title of Person Executing: President

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: David Brandsness

Signature: David Brandsness

If promissory note is held as joint tenants or tenants in common:


Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Matthew Briste

Signature:  _____

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Richard N. Brown

Signature: Richard N. Brown

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: John E. Carlyn Bryngelson

Signature: John Bryngelson

If promissory note is held as joint tenants or tenants in common:

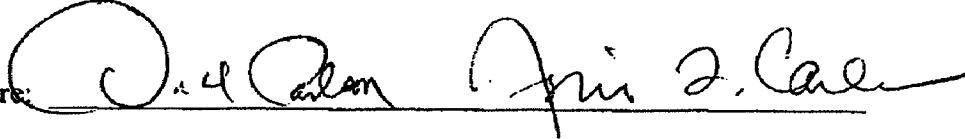
Signature of Joint Tenant or Co-tenant: Carlyn Bryngelson

[For Individuals]

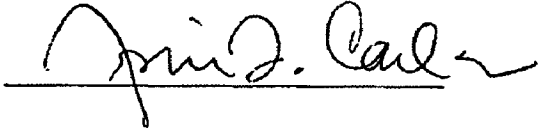
IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: DAN H CARLSON LESLIE T CARLSON

Signature: 

If promissory note is held as joint tenants or tenants in common:

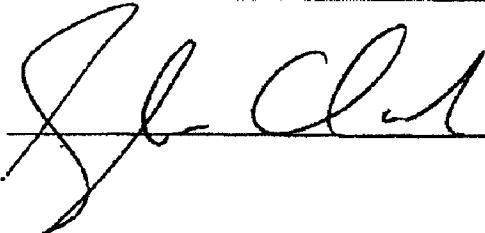
Signature of Joint Tenant or Co-tenant: 

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: STUART CLARK

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Stuart Clark

Signature: /s/ Stuart Clark

If promissory note is held as joint tenants or tenants in common:

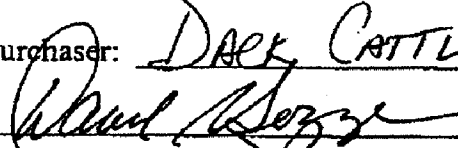
Signature of Joint Tenant or Co-tenant: _____

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: DAEK CATTLE TRUST

Signature: 

Print Name of Person Executing: DAVID B. SOGGE

Print Title of Person Executing: TRUSTEE

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: Faust Family Trust u/a dtd 5/12/1992

Signature: Ronald F. Faust Georgiana Faust

Print Name of Person Executing: Ronald F. Faust Georgiana Faust

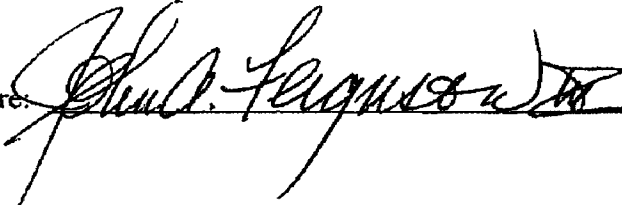
Print Title of Person Executing: Trustee Trustee

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: JOHN A FERGUSON JR

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: John A. Ferguson III

Signature: /s/ John A. Ferguson III

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: GJ General Partnership

Signature: Glen F. Fuerstneau

Print Name of Person Executing: Glen F. Fuerstneau

Print Title of Person Executing: General Partner

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Peter T. Hall

Signature: Peter T. Hall

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: Matthia Margolis

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: S. Albert D. Hanser Rev. TRUST c/pa dated 6/4/02

Signature: S. Albert D. Hanser, trustee

Print Name of Person Executing: S. Albert D. Hanser

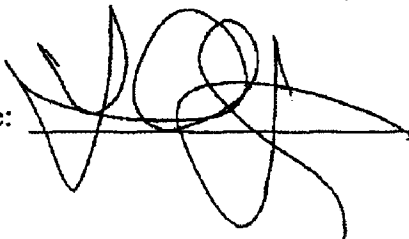
Print Title of Person Executing: Trustee

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: LES HARDY OR LYVING TRUST

Signature:  _____

If promissory note is held as joint tenants or tenants in common:

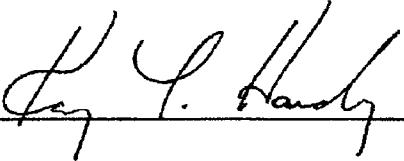
Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: KAY L. HARDY LIVING TRUST

Signature: 

If promissory note is held as joint tenants or tenants in common:

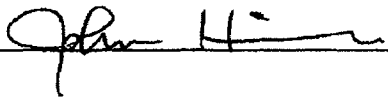
Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

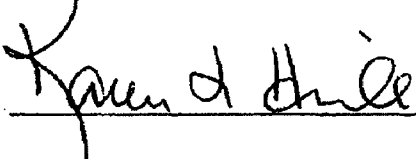
IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: John & Karen Hinkle

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: 

[For Individuals]

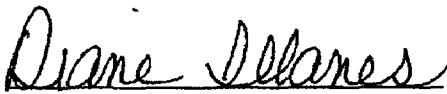
IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Eduardo Illanes

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: 

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: ELIZABETH T. JOHNSON AND LEE W. JOHNSON
TRUSTEES OF THE ELIZABETH T. JOHNSON AGREEMENT DATED JANUARY 13, 1998

Signature: *Lee W. Johnson, Elizabeth Johnson*

Print Name of Person Executing: LEE W. JOHNSON, ELIZABETH T. JOHNSON

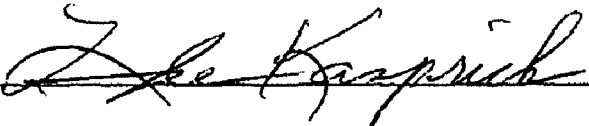
Print Title of Person Executing: TRUSTEE, TRUSTEE

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: LYLE KASPRICK

Signature: 

If promissory note is held as joint tenants or tenants in common:

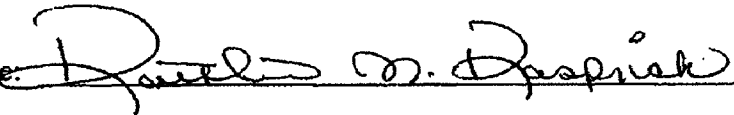
Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: KATHLEEN M. KASPRICK

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Maria Kenworthy

Signature: Maria Kenworthy

If promissory note is held as joint tenants or tenants in common:

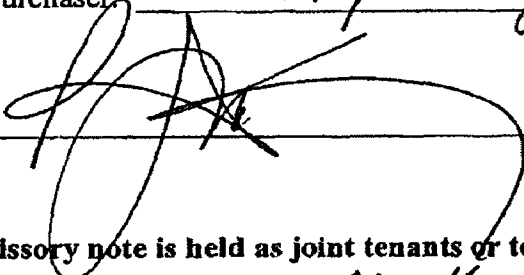
Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Jerry King

Signature: 

If promissory note is held as joint tenants or tenants in common:

Martha King

Signature of Joint Tenant or Co-tenant: Martha King

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: JOHN J. KING

Signature: John King



If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

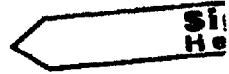
[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Maureen King

Signature: Maureen King



If promissory note is held as joint tenants or tenants in common:

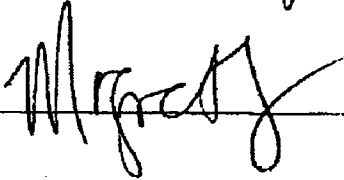
Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

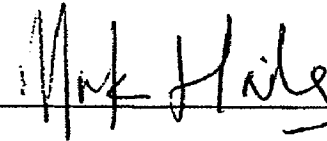
IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Margaret King

Signature: 

If promissory note is held as joint tenants or tenants in common:

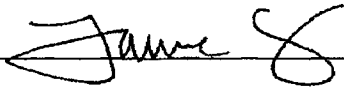
Signature of Joint Tenant or Co-tenant: 

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Laurie King

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: David G. King

Signature: David G. King

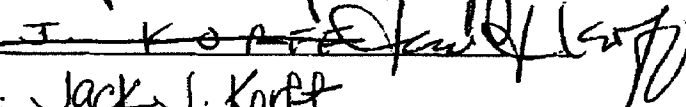
If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:


Print Legal Name of Purchaser: Jack J. Korff Trust
Signature: ~~JACK J. KORFF~~ 
Print Name of Person Executing: Jack J. Korff
Print Title of Person Executing: Trustee

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Steve Kristo

Signature: 

If promissory note is held as joint tenants or tenants in common:


Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: KARL V. LEAVENWORTH

Signature: 

If promissory note is held as joint tenants or tenants in common:

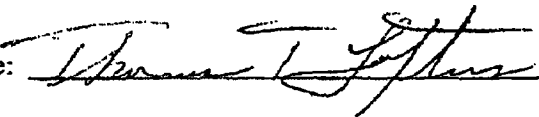
Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

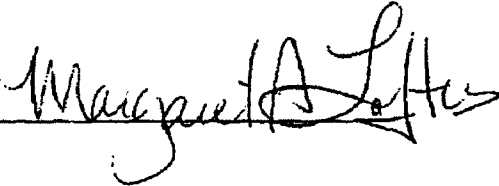
IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Thomas T. Loftus

Signature: 

If promissory note is held as joint tenants or tenants in common:


Signature of Joint Tenant or Co-tenant: 

[For Individuals]


IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: PERE J LYNET, CAROL A LYNET

Signature: 

If promissory note is held as joint tenants or tenants in common:


Signature of Joint Tenant or Co-tenant: 

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: THE LYNN FUND

Signature: 

Print Name of Person Executing: PETER S LYNN

Print Title of Person Executing: TRUSTEE

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Donald J Moschetti

Signature: Donald J Moschetti

If promissory note is held as joint tenants or tenants in common:

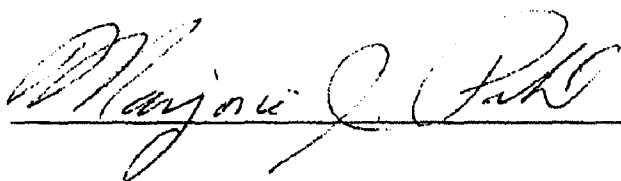
Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Marjorie J. Pihl

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: William C. Randall

Signature: /s/ William C. Randall

If promissory note is held as joint tenants or tenants in common:

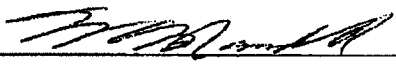
Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: William C. RANDALL

Signature: 

If promissory note is held as joint tenants or tenants in common:

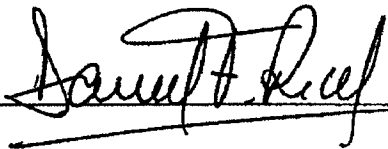
Signature of Joint Tenant or Co-tenant: - N/A -

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: DANIEL F. RICE

Signature: 

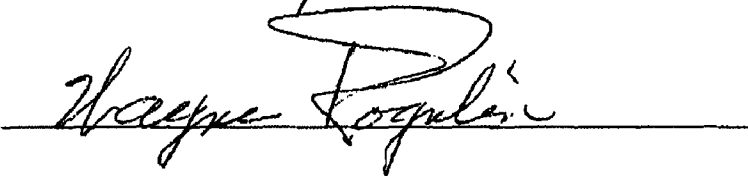
If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

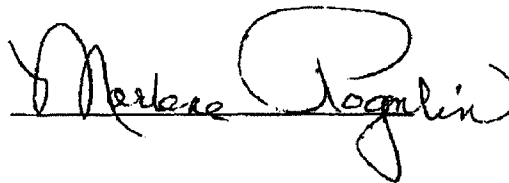
IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: WAYNE ROGNLIN

Signature: 

If promissory note is held as joint tenants or tenants in common:

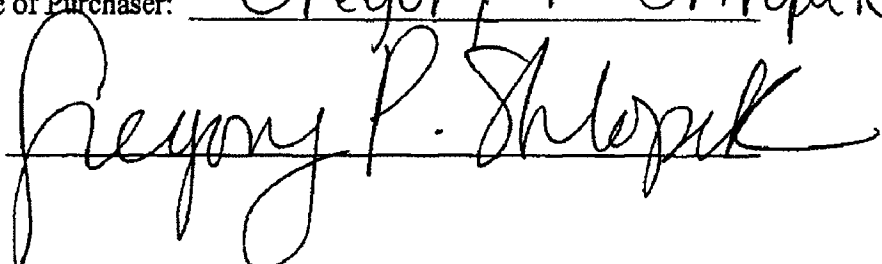
Signature of Joint Tenant or Co-tenant: 

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Gregory P. Shlopak

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: PATRICK A. SMITH / Karen D. Smith
TENANTS BY THE ENTIRETIES

Signature: Patrick A. Smith

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: Karen D. Smith

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Richard Steele

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

PAYO 383-448-9955

To:

PON HENDRICK

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: H. R. SWANSON REV. TR

Signature: [Handwritten Signature]

If promissory note is held as joint tenants or tenants in common:

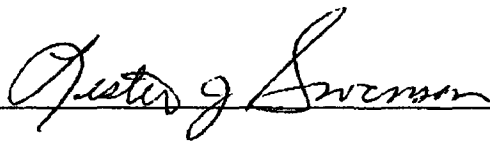
Signature of Joint Tenant or Co-tenant: _____

[For Individuals]


IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Lester & Darlene Swenson

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: 

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: R. RANDALL VOSBECK REV. TRUST

Signature: R. Randall Vosbeck, TRUSTEE

Print Name of Person Executing: R. RANDALL VOSBECK

Print Title of Person Executing: TRUSTEE

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Richard H. WARDEN

Signature: Richard H. Warden

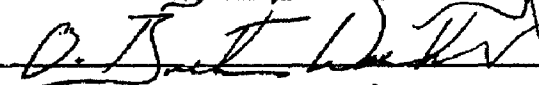
If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: C. Barton Washton Trust
Signature: 
Print Name of Person Executing: Barton Washton
Print Title of Person Executing: Trustee

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: Ronald C. White Trust

Signature: *Ronald C. White*

Print Name of Person Executing: Ronald C. White

Print Title of Person Executing: Trustee

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: WWF & Co.

Signature: Whitlock Whitney J. Kimball Whitney

Print Name of Person Executing: Whitlock Whitney, J. Kimball Whitney

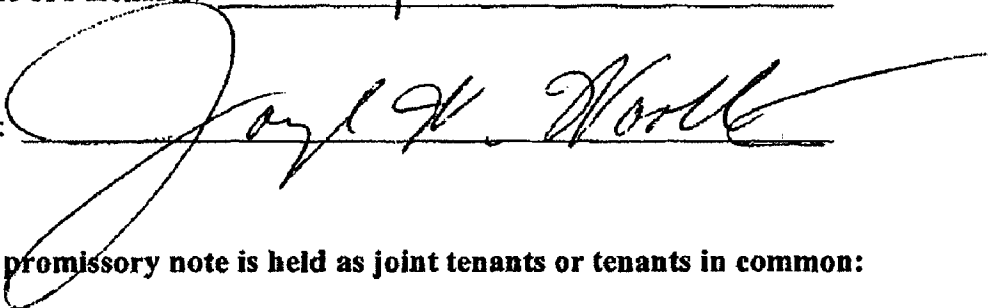
Print Title of Person Executing: Partners

[For Individuals]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Name of Purchaser: Joseph W. WOOLLER III

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of Joint Tenant or Co-tenant: _____

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Secured Note and Warrant Purchase Agreement, Second Amendment to Security Agreement and Second Amendment to Patent Security Agreement to be effective as of the date first written above.

ADDITIONAL PURCHASERS:

Print Legal Name of Purchaser: YOST Partnership, L.P.
Signature: Mark H. Yost
Print Name of Person Executing: Mark H. Yost
Print Title of Person Executing: President, General Partner.

SCHEDULE OF PURCHASERS

NAME AND ADDRESS	Participant in First Loan Closing	Participant in Second Loan Closing
Medtronic, Inc. World Headquarters 710 Medtronic Parkway N.E. Minneapolis, MN 55432-5604 Attn: Vice President and Chief Development Officer and General Counsel	X	
Fred R. Friswold 5925 Tamarac Avenue Edina, MN 55436	X	
Dorsey R. Gardner 2002 Trust, dated January 16, 2003, Dorsey R. Gardner and John F. O'Brien Original Trustees 219 Lewis Wharf Boston, MA 02110-3927	X	
Dale R. Olseth 132 Homedale Road Hopkins, MN 55343	X	
Ronald A. and Kristine S. Erickson 5123 Lake Ridge Road Minneapolis, MN 55436	X	
David S. Erickson 5123 Lake Ridge Road Minneapolis, MN 55436	X	
Brian Erickson 5123 Lake Ridge Road Minneapolis, MN 55436	X	
Alfred & Rose Erickson Trust FBO Donovan A. Erickson 4567 American Boulevard West Minneapolis, MN 55437	X	
Affinity Ventures III 901 Marquette Avenue Suite 2820 Minneapolis, MN 55402		X

SCHEDULE OF PURCHASERS

NAME AND ADDRESS	Participant in First Loan Closing	Participant in Second Loan Closing
Dean Belbas, Trustee of the Dean Belbas Revocable Trust dated March 16, 1998 2501 S. Kiwanis Ave. #112 Sioux Falls, SD 57105-0159		X
BR Direct Marketing, Inc. 1101 S. Linwood Ave. Santa Ana, CA 92705		X
David Brandsness 5300 Ewing Ave. S Minneapolis, MN 55410		X
Matthew Brister 322 Scimitar Bay NW Calgary, Alberta Canada T3L 1L8		X
Richard N. Brown 385 Clayton Denver, CO 80206		X
John and Carlyn Bryngelson 6775 S. Crocker Way Littleton, CO 80120		X
Dan H. Carlson and Leslie T. Carlson 5031 N. Mesa Drive Castle Rock, CO 80108-9358		X
Stuart Clark 71 Silverstone Road N.W. Calgary, Alberta Canada T3B 4Y6		X
Dack Cattle Trust David B. Sogge, Trustee 7640 S. Argonne Street Centennial, CO 80016		X
Ronald F. Faust & Georgiana Faust, trustees of the Faust Family Trust, UA dated 05/12/1992 2244 Remington Square Billings, MT 59102		X

SCHEDULE OF PURCHASERS

NAME AND ADDRESS	Participant in First Loan Closing	Participant in Second Loan Closing
John A. Ferguson III 1299 Green Oaks Drive Greenwood Village, CO 80121		X
GJ General Partnership 10405 31st Avenue North Plymouth, MN 55441		X
Peter T. Hall & Martha H. Margulis 10865 Piccadilly Square Dr. St. Louis, MO 63146		X
S. Albert D. Hanser, Trustee for S. Albert D. Hanser Revocable Trust U/A dated June 4, 2002 c/o Sanibel Captiva Trust Company 2407 Periwinkle Way, Suite 7 Sanibel, FL 33957		X
Les Hardy, Jr. Living Trust Les Hardy, Jr., Trustee 6142 Wedgewood Lane Billings, MT 59106		X
Kay L. Hardy Living Trust Kay L. Hardy, Trustee 6142 Wedgewood Lane Billings, MT 59106		X
John and Karen Himle 13908 Emerald Ridge Minnetonka, MN 55305		X
Eduardo and Diane Illanes 851 Evergreen Avenue Boulder, CO 80304		X
Elizabeth T. Johnson & Lee W. Johnson, Trustees of the Elizabeth T. Johnson Trust Agreement Dated January 13, 1998 8450 Hidden Bay Trail North Lake Elmo, MN 55042		X
Lyle Kasprick 1067 Linden Lane Orono, MN 55364-9754		X

SCHEDULE OF PURCHASERS

NAME AND ADDRESS	Participant in First Loan Closing	Participant in Second Loan Closing
Kathleen Kasprick 1067 Linden Lane Orono, MN 55364-9754		X
Maria Kenworthy 4534 Freemont Avenue S Minneapolis, MN 55419		X
Jerry and Martha King 830 Demun #302 Clayton, MO 63105		X
John J. King P.O. Box 3131 Tubac, AZ 85646		X
Maureen King P.O. Box 3131 Tubac, AZ 85646		X
Margaret King and Mark Hails 3986 N. Overlook Terrace Portland, OR 97227-1053		X
Laurie King 4015 N. Overlook Portland, OR 97227		X
David G. King 7 Lawnwood Place Charlestown, MA 02129		X
Jack J. Korff Trust, Dated February 12, 1991, Jack J. Korff, Trustee 116 Mercer Court SE Grand Rapids, MI 49506-1817		X
Steven J. Kristo 1531 Canfield Street Eau Claire, WI 54701		X
Karl V. Leaverton 14 Crescent Key Bellevue, WA 98006		X

SCHEDULE OF PURCHASERS

NAME AND ADDRESS	Participant in First Loan Closing	Participant in Second Loan Closing
Thomas T. and Margaret A. Loflus P.O. Box 1892 Tubac, AZ 85646		X
Peter S. and Carolyn A. Lynch 82 Devonshire Street, S4A Boston, MA 02109		X
The Lynch Foundation 82 Devonshire Street, S4 Boston, MA 02109		X
Donald J. Moschetti P.O. Box 4029 Tubac, AZ 85646		X
Marjorie J. Pihl 4567 American Boulevard West Minneapolis, MN 55437		X
William C. Randall 10303 Orchid Lane Pine River, MN 56474-2620		X
Daniel F. Rice 15 Verdant Valley Place The Woodlands, TX 77382		X
Wayne and Marlene Rognlin 105 9th Avenue Aberdeen, WA 98520		X
Gregory P. Shlopak c/o Rockport Equity Management 63 Main Street Gloucester, MA 01930		X
Patrick A. Smith and Karen D. Smith, tenants by the entireties 1305 Westview Terrace Columbia, MO 65203		X
Richard Steele 1532 Tamarack Drive Long Lake, MN 55356-9514		X

SCHEDULE OF PURCHASERS

NAME AND ADDRESS	Participant in First Loan Closing	Participant in Second Loan Closing
H.R. Swanson Revocable Trust, H.R. Swanson, Trustee 547 Harrington Road Wayzata, MN 55391		X
Lester J. and Darlene K. Swenson 16575 Lake Ridge Dr. Maple Grove, MN 55311-1455		X
R. Randall Vosbeck Revocable Trust, R. Randall Vosbeck, Trustee 770A Potato Patch Dr. Vail, CO 81657		X
Richard H. Warden 3541 Via del Tejedor Green Valley, AZ 85614		X
O. Burton Wastcoat Trust, Burton Wastcoat, Trustee 110 Hitching Post Road Bozeman, MT 59715		X
Ronald C. White Trust, Ronald C. White Trustee 9398 Preston Place Eden Prairie, MN 55347-3397		X
WWF & Company c/o Ms. Cindy Calderon Intrinzia Family Office 1900 Foshay Tower 821 Marquette Avenue Minneapolis, MN 55402		X
Joseph W. Wooller III P.O. Box 4288 Tubac, AZ 85646		X
Yost Partnership, L.P. 27 N. Wacker Drive, Suite 1200 Chicago, IL 60606		X
Totals		

SCHEDULE OF SECURED PARTIES

NAME AND ADDRESS

Medtronic, Inc.
World Headquarters
710 Medtronic Parkway N.E.
Minneapolis, MN 55432-5604
Attn: Vice President and Chief Development
Officer and General Counsel

Fred R. Friswold
5925 Tamarac Avenue
Edina, MN 55436

Dorsey R. Gardner 2002 Trust,
dated January 16, 2003, Dorsey R. Gardner
and John F. O'Brien Original Trustees
219 Lewis Wharf
Boston, MA 02110-3927

Dale R. Olseth
132 Homedale Road
Hopkins, MN 55343

Ronald A. and Kristine S. Erickson
5123 Lake Ridge Road
Minneapolis, MN 55436

David S. Erickson
5123 Lake Ridge Road
Minneapolis, MN 55436

Brian Erickson
5123 Lake Ridge Road
Minneapolis, MN 55436

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

Affinity Ventures III
901 Marquette Avenue
Suite 2820
Minneapolis, MN 55402

Dean Belbas, Trustee of the Dean Belbas Revocable Trust dated
March 16, 1998
2501 S. Kiwanis Ave. #112
Sioux Falls, SD 57105-0159

SCHEDULE OF SECURED PARTIES

NAME AND ADDRESS

BR Direct Marketing, Inc.
1101 S. Linwood Ave.
Santa Ana, CA 92705

David Brandsness
5300 Ewing Ave. S
Minneapolis, MN 55410

Matthew Brister
322 Scimitar Bay NW
Calgary, Alberta
Canada T3L 1L8

Richard N. Brown
385 Clayton
Denver, CO 80206

John and Carlyn Bryngelson
6775 S. Crocker Way
Littleton, CO 80120

Dan H. Carlson and Leslie T. Carlson
5031 N. Mesa Drive
Castle Rock, CO 80108-9358

Stuart Clark
71 Silverstone Road N.W.
Calgary, Alberta
Canada T3B 4Y6

Dack Cattle Trust
David B. Sogge, Trustee
7640 S. Argonne Street
Centennial, CO 80016

Ronald F. Faust & Georgiana Faust, trustees of the Faust Family
Trust, UA dated 05/12/1992
2244 Remington Square
Billings, MT 59102

John A. Ferguson III
1299 Green Oaks Drive
Greenwood Village, CO 80121

GJ General Partnership
10405 31st Avenue North
Plymouth, MN 55441

SCHEDULE OF SECURED PARTIES

NAME AND ADDRESS

Peter T. Hall & Martha H. Margulis
10865 Piccadilly Square Dr.
St. Louis, MO 63146

S. Albert D. Hanser, Trustee for S. Albert D. Hanser Revocable
Trust U/A dated June 4, 2002
c/o Sanibel Captiva Trust Company
2407 Periwinkle Way, Suite 7
Sanibel, FL 33957

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

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

John and Karen Himle
13908 Emerald Ridge
Minnetonka, MN 55305

Eduardo and Diane Illanes
851 Evergreen Avenue
Boulder, CO 80304

Elizabeth T. Johnson & Lee W. Johnson, Trustees of the Elizabeth
T. Johnson Trust Agreement Dated January 13, 1998
8450 Hidden Bay Trail North
Lake Elmo, MN 55042

Lyle Kasprick
1067 Linden Lane
Orono, MN 55364-9754

Kathleen Kasprick
1067 Linden Lane
Orono, MN 55364-9754

Maria Kenworthy
4534 Freemont Avenue S
Minneapolis, MN 55419

Jerry and Martha King
830 Demun #302
Clayton, MO 63105

SCHEDULE OF SECURED PARTIES

NAME AND ADDRESS

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

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

Margaret King and Mark Hails
3986 N. Overlook Terrace
Portland, OR 97227-1053

Laurie King
4015 N. Overlook
Portland, OR 97227

David G. King
7 Lawnwood Place
Charlestown, MA 02129

Jack J. Korff Trust, Dated February 12, 1991, Jack J. Korff,
Trustee
116 Mercer Court SE
Grand Rapids, MI 49506-1817

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

Karl V. Leaverton
14 Crescent Key
Bellevue, WA 98006

Thomas T. and Margaret A. Loftus
P.O. Box 1892
Tubac, AZ 85646

Peter S. and Carolyn A. Lynch
82 Devonshire Street, S4A
Boston, MA 02109

The Lynch Foundation
82 Devonshire Street, S4
Boston, MA 02109

Donald J. Moschetti
P.O. Box 4029
Tubac, AZ 85646

SCHEDULE OF SECURED PARTIES

NAME AND ADDRESS

Marjorie J. Pihl
4567 American Boulevard West
Minneapolis, MN 55437

William C. Randall
10303 Orchid Lane
Pine River, MN 56474-2620

Daniel F. Rice
15 Verdant Valley Place
The Woodlands, TX 77382

Wayne and Marlene Rognlin
105 9th Avenue
Aberdeen, WA 98520

Gregory P. Shlopak
c/o Rockport Equity Management
63 Main Street
Gloucester, MA 01930

Patrick A. Smith and Karen D. Smith, tenants by the entireties
1305 Westview Terrace
Columbia, MO 65203

Richard Steele
1532 Tamarack Drive
Long Lake, MN 55356-9514

H.R. Swanson Revocable Trust, H.R. Swanson, Trustee
547 Harrington Road
Wayzata, MN 55391

Lester J. and Darlene K. Swenson
16575 Lake Ridge Dr.
Maple Grove, MN 55311-1455

R. Randall Vosbeck Revocable Trust, R. Randall Vosbeck,
Trustee
770A Potato Patch Dr.
Vail, CO 81657

Richard H. Warden
3541 Via del Tejedor
Green Valley, AZ 85614

SCHEDULE OF SECURED PARTIES

NAME AND ADDRESS

O. Burton Wastcoat Trust, Burton Wastcoat, Trustee
110 Hitching Post Road
Bozeman, MT 59715

Ronald C. White Trust, Ronald C. White Trustee
9398 Preston Place
Eden Prairie, MN 55347-3397

WWF & Company
c/o Ms. Cindy Calderon
Intrinzia Family Office
1900 Foshay Tower
821 Marquette Avenue
Minneapolis, MN 55402

Joseph W. Wooller III
P.O. Box 4288
Tubac, AZ 85646

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

PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT dated as of March 7, 2006 ("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 February 10, 2006 (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 accommodations (each, a "Loan" and collectively, the "Loans") to Grantor as evidenced by those certain Secured Convertible Promissory Notes (each, a "Note" and collectively, the "Notes") of Grantor and payable to the Secured Parties.

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 and any successor provisions thereto.

"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 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.

“Loan Documents” means this Agreement, the Purchase Agreement, the Notes and that certain Security Agreement by and among Grantor and the Secured Parties of even date herewith as the same may from time to time be amended, modified, supplemented or restated.

“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 and Patent Licenses.

“Patent Licenses” means all agreements by, between or among Grantor and/or any other party now existing or hereafter created, whether in written or electronic form, in connection with the enforcement of Secured Parties’ remedies connection with any Patents or such other party’s patents or patent applications, whether Grantor is the licensor or licensee, including without limitation the license agreements listed on Schedule A attached hereto, and the right upon the occurrence and during the continuance of an Event of Default to use the foregoing.

“Patents” means all of the following now owned or hereafter created or acquired by Grantor: (a) all patents, patent applications, including without limitation those set forth on Schedule B attached hereto, which issue or have issued in any country or jurisdiction upon any patent applications which correspond with any of such patents or patent applications; (b) 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; (c) all reissues, divisions, continuations, renewals, continuations-in-part and extensions of any of the foregoing; (d) all petty patents, divisionals and patents of addition; (e) all patents to issue in or under any of the foregoing; (f) all income, royalties, damages, claims and payments now and hereafter due and/or payable under any of the foregoing or in respect to any of the foregoing, including without limitation damages, claims, payments and recoveries for past, present and future infringements of any of the foregoing; (g) rights to sue for past, present and future infringements of any of the foregoing; and (h) all goodwill associated with any of the foregoing.

“Permitted Lien” means: (a) any Liens existing on the date of this Security Agreement and set forth on Schedule C 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, and so long as Grantor’s title to its property is not materially adversely affected and its use of such property in the ordinary course of business is not materially interfered with; (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 if such judgments, decrees or attachments are otherwise permitted under this Security Agreement and such Liens do not interfere in any material respect with the business of Grantor; (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 all of the following, including any amendments, extensions, renewals or replacements thereof: (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, any other Loan Document or under Section 5(d) 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, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or sole, joint, several or joint and several.

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

"Storz Purchase Agreement" shall have the meaning assigned to such term in Section 2.

"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, with power of sale to the extent permitted by this Security Agreement and applicable law, and hereby grants to each Secured Party, a security interest (the "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 and Patent Licenses;

(b) all Other Intellectual Property;

(c) from and after the Wyeth Release Date (as defined below), the Patents listed on Schedule D attached hereto and all Other Intellectual Property purchased from Wyeth (as defined below) pursuant to the Storz Purchase Agreement; and

(d) 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.

Notwithstanding the foregoing, "Collateral" shall not include any asset in which Wyeth Holdings Corporation (together with any successors or assigns, "Wyeth") has any interest in pursuant to that certain Asset Purchase Agreement dated July 16, 1996, as amended by that certain Amendment No. 1 to Asset Purchase Agreement, and as further amended from time to time, among Grantor, Wyeth as successor in interest to Storz Instrument Company, and Jose Bedoya (the "Storz Purchase Agreement") until such time as Grantor's obligations to Wyeth pursuant to the Storz Purchase Agreement have been paid or satisfied in full and all reversionary rights, security interests, liens and other encumbrances of Wyeth to or in any of the Collateral, including without limitation any Patents, Patent Licenses and Other Intellectual Property, have been released or terminated (the "Wyeth Release Date").

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 grants 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 in favor of Secured Parties 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 and organizational identification numbers are, 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 duly organized and in good standing under the laws of the State of Missouri. This Security Agreement has been duly and validly authorized by all necessary limited liability company action. Grantor has the requisite limited liability company power and authority to execute this Security Agreement, to perform Grantor's obligations hereunder, and to subject the Collateral to the Security Interest.

(e) All registered Patent Licenses and Patents now owned, held or in which Grantor otherwise has any interest are listed on Schedules A, B and D attached hereto.

(f) Grantor has no notice of any suits or actions commenced or threatened against it, or notice of claims asserted or threatened against it, with reference to the Collateral.

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 indefeasibly 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 consistent with its past practices.

(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 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) Liens granted to the Secured Parties.

(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 or breaches of the Patents, Patent Licenses and Other Intellectual Property and promptly advise Secured Parties in writing of material infringements and breaches detected, and (iii) not allow any Patents or Other Intellectual Property 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) **Additional Collateral.** If Grantor shall acquire or hold any new Patent, Patent License or Other Intellectual Property that is not listed on a schedule attached hereto ("Additional Collateral"), then the provisions of this Agreement shall be deemed to automatically apply thereto and such Additional Collateral shall be deemed part of the Collateral. Commencing on the six month anniversary of this Security Agreement and continuing each six months thereafter until this Security Agreement has been terminated, Grantor shall deliver to Secured Parties with respect to such Additional Collateral, a Supplement to Patent Security Agreement in the form attached hereto as Exhibit 1, duly completed and executed by Grantor and accompanied by a fully completed Schedule A-1 or B-1 (as applicable) with respect to such Additional Collateral. Each Schedule A-1 and B-1 attached to each such Supplement to Patent Security Agreement shall be incorporated and become a part of Schedule A or B (as applicable) attached hereto, and all references to Schedule A or B (as applicable) contained in this Agreement shall be deemed, for all purposes, to also include each such Schedule A-1 or B-1 (as applicable).

(f) **Further Assurances.** The Grantor shall, at its sole expense, do, make, execute and deliver all such additional and further acts, things, deeds, assurances, and instruments, in each case in form and substance reasonably satisfactory to the Secured Parties, relating to the creation, validity, or perfection of the security interests and assignments provided for in this Agreement under 35 U.S.C. Section 261, 15 U.S.C. Section 1051 et seq., the UCC or other laws of the United States or the State of Colorado or of any other countries or states as the Secured Parties may from time to time reasonably request, and shall take all such other action as the Secured Parties may reasonably require to more completely vest in and assure to the Secured Parties their rights hereunder or in any of the Patents and other Collateral, and the Grantor hereby irrevocably authorizes the Secured Parties or their designee, at the Grantor's expense, to execute such documents, and file such financing statements with respect thereto with or without the Grantor's signature, as the Secured Parties may deem appropriate. In the event that any rerecording or refiling (or the filing of any statement of continuation or assignment of any financing statement) or any repledge or reassignment, or any other action, is required at any time to protect and preserve such security interest and assignments, the Grantor shall, at its sole cost and expense, cause the same to be done or taken at such time and in such manner as may be reasonably necessary and as may be reasonably requested by the Secured Parties. The Secured Parties are hereby irrevocably appointed by the Grantor as its lawful attorney and agent, with full power of substitution, to execute and deliver on behalf of and in the name of the Grantor such financing statements, assignments, pledges and other documents and agreements, and to take such other action as the Secured Parties may deem necessary for the purpose of perfecting, protecting or effecting the security interests and assignments granted herein and effected hereby, and any liens necessary or desirable to implement or effectuate the same, under any applicable law, and the Secured Parties are hereby authorized to file on behalf of and in the name of the Grantor at the Grantor's sole expense, such financing statements, assignments, pledges, documents, and agreements in any appropriate governmental office. The Secured Parties may include reference to the Grantor, the Patents and other Collateral (and may utilize any logo or other distinctive symbol associated with the Grantor) in connection with any advertising, promotion, marketing or sale undertaken by the Secured Parties.

5. RIGHTS AND REMEDIES UPON DEFAULT.

(a) Subject to the terms of Section 11, following any Event of Default and while such Event of Default is continuing, the Secured Parties may exercise in addition to all other rights and remedies granted to them under this Security Agreement, the Purchase Agreement, the Notes, any other Loan Document 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 and other applicable laws. Notwithstanding anything to the contrary contained herein, upon the occurrence and during the continuance of an Event of Default, Grantor hereby covenants and agrees that Secured Parties as the holders of a security interest under the UCC, may take such action permitted hereunder or under applicable law, in its exclusive discretion, to foreclose upon the Collateral covered hereby. For such purposes, (i) on the date hereof the Grantor is executing the Patent Assignment Agreement in the form of Exhibit 2 attached hereto and, subject to the limitations set forth in Section 11, the Secured Parties shall have the right at any time after the occurrence and during continuance of an Event of Default, to use such Patent Assignment Agreement to cause any or all of the Collateral to be transferred of record into the name of the Secured Parties or their successors, assigns or any party acquiring the Collateral from the Secured Parties, and (ii) upon the occurrence and during the continuance of an Event of Default, Grantor hereby appoints each Secured Party as its true and lawful attorney in fact, with the power to endorse Grantor's name on all assignments or other documents necessary to cause any or all of the Collateral to be transferred of record in the name of the Secured Parties or their successors, assigns or any party acquiring the Collateral from the Secured Parties to the extent that any recording office does not accept the Patent Assignment Agreement identified in subparagraph (i) or such Patent Assignment Agreement is not sufficient to transfer the Collateral.

(b) Subject to the terms of Section 11, following any Event of Default and while such Event of Default is continuing, the Secured Parties may declare this Agreement to be in default and the Secured Parties shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the UCC, including, without limitation, the right to dispose of the Collateral at public or private sale. The Secured Parties shall give to the Grantor at least ten days' prior written notice (which the Grantor agrees is "reasonable notification" under the UCC) of the time and place of any sale of any Collateral or of the time after which any private sale or any other intended disposition is to be made. Grantor agrees that in any sale of any 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) If any Event of Default shall have occurred and be continuing, the Grantor hereby grants to the Secured Parties the right and license to make, have made, use and sell the inventions and marks disclosed and claimed in the Patents for the benefit and account of the Secured Parties.

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

(e) 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.

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. The Secured Parties shall not be required to marshal any present or future security for (including, but not limited to, this Agreement and the Collateral subject to the Security Interest), or guaranties of, the Secured Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of the rights hereunder and in respect of such security and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Grantor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Secured Parties' rights under this Agreement or any other instrument evidencing any of the Secured Obligations or by which any of the Secured Obligations is secured or guaranteed, and to the extent that it lawfully may the Grantor hereby irrevocably waives the benefits of all such laws.

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 (however defined) 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, AMENDMENTS AND COLLATERAL AGENT.

(a) 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"), including, but not limited to, appointing or removing a Collateral Agent (as defined below), shall be determined by the Required Secured Parties. For purposes of this Agreement and the other Loan Documents, the term "Required Secured Parties" shall mean any Secured Party or Secured Parties (or their respective successors or assigns) holding at least 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.

(b) Each Secured Party hereby appoints and authorizes Medtronic, Inc. (the "Collateral Agent") to take such actions as the Collateral Agent on its behalf and to exercise such powers under this Security Agreement as are delegated to the Collateral Agent by the terms hereof, together with such powers as are reasonably incidental thereto. The Collateral Agent shall have no duties or responsibilities except those expressly set forth in this Security Agreement. **THE DUTIES OF THE COLLATERAL AGENT SHALL BE MECHANICAL AND ADMINISTRATIVE IN NATURE; THE COLLATERAL AGENT SHALL NOT HAVE BY REASON OF THIS SECURITY AGREEMENT A FIDUCIARY RELATIONSHIP IN RESPECT OF ANY SECURED PARTY; AND NOTHING IN THIS SECURITY AGREEMENT, THE NOTES, OR THE OTHER LOAN DOCUMENTS EXPRESS OR IMPLIED, IS INTENDED TO OR SHALL BE SO CONSTRUED AS TO IMPOSE UPON THE COLLATERAL AGENT ANY OBLIGATIONS IN RESPECT OF THIS SECURITY AGREEMENT EXCEPT AS EXPRESSLY SET FORTH HEREIN.** In any instance where the Collateral Agent is required or permitted to consent to or approve any action of Grantor under this Security Agreement, such consent or approval shall be deemed to be administrative in nature and may be given or withheld in the Collateral Agent's discretion unless this Security Agreement states otherwise. As to any matters not expressly provided for by this Security Agreement, including enforcement or collection of the Notes, the Collateral Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining) upon the written instructions of the Act of the Secured Parties, and such instructions shall be binding on the Secured Parties, provided that the Collateral Agent shall not be required to take any action which exposes the Collateral Agent to personal liability or which is contrary to this Security

Agreement, the Notes or applicable law. Each Secured Party shall execute and deliver such additional instruments, including powers of attorney in favor of the Collateral Agent, as may be necessary or desirable to enable the Collateral Agent to exercise its powers hereunder.

Without limiting the foregoing, the Collateral Agent is authorized on behalf of the Secured Parties, without the necessity of any notice to or further consent from the Secured Parties, from time to time to take any action with respect to any Collateral which may be necessary to maintain a perfected Security Interest in and Liens upon the Collateral. Unless the Collateral Agent shall receive written instructions upon the Act of the Secured Parties, however, the Collateral Agent shall have no independent duty to take such actions.

(c) The Collateral Agent and, if applicable, any of its managers, members, officers, agents or employees, shall not be liable for any action taken or omitted to be taken by it or any of them under or in connection with this Security Agreement, except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Collateral Agent:

(i) may treat each Secured Party which is a party thereto as the party entitled to receive payments hereunder until the Collateral Agent receives written notice of the assignment of such Secured Party's interest herein signed by such Secured Party and made in accordance with the terms hereof and a written agreement of the assignee that it is bound hereby to the same extent as it would have been had it been an original party hereto, in each case in form satisfactory to the Collateral Agent;

(ii) to the extent the Collateral Agent deems reasonably necessary, the Collateral Agent may consult with legal counsel, independent public accountants and other experts selected by the Collateral Agent, the reasonable cost of which consultation shall be borne by the Grantor, and the Collateral Agent shall not be liable for any action taken or omitted to be taken in good faith in accordance with the advice of such experts;

(iii) makes no warranty or representation of any kind whatsoever to any Secured Party and shall not be responsible to any Secured Party for any statements, warranties or representations made in or in connection with this Security Agreement, the Notes, or in any instrument or document furnished pursuant hereto or thereto;

(iv) shall not have any duty to ascertain or to inquire as to the performance of any of the terms, covenants, or conditions of the Notes, or of any instrument or document furnished pursuant thereto on the part of the Grantor or as to the use of the proceeds of any Note;

(v) shall not be responsible to any Secured Party for the due execution, legality, validity, enforceability, genuineness, effectiveness, or value of this Security Agreement, of any Note, or of any instrument or document furnished pursuant hereto or thereto; and

(vi) shall incur no liability under or in respect of this Security Agreement or any Note by acting upon any written notice, consent, certificate or other

instrument or writing believed by it to be genuine and signed, sent or made by the proper party or parties or by acting upon any representation or warranty of the Grantor made or deemed to be made in this Security Agreement or any Note.

(d) With respect to obligations owed to the Collateral Agent by the Grantor, the Collateral Agent shall have the same rights and powers under this Security Agreement and the Notes as any other Secured Party and may exercise the same as though it were not the Collateral Agent, and the term "Secured Party" as used herein shall, unless otherwise expressly indicated, include the Collateral Agent in its individual capacity.

(e) Each Secured Party agrees to indemnify the Collateral Agent on a pro rata basis, according to the amount of principal under the Notes held by each such Security Party bears to the aggregate principal amount of all Notes held by the Secured Parties (the "Pro Rata Amount"), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements or any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Collateral Agent in any way relating to or arising out of this Security Agreement, any Note or any other Loan Document or any action taken or omitted by the Collateral Agent under this Security Agreement, any Note, or any other Loan Document except any such as result from the Collateral Agent's gross negligence or willful misconduct. Without limiting the foregoing, each Secured Party agrees to reimburse the Collateral Agent promptly on demand in proportion to its Pro Rata Amount for any out-of-pocket expenses, including legal fees, incurred by the Collateral Agent in connection with the administration or enforcement or preservation of any rights under this Security Agreement, any Note or any other Loan Document.

10. UNEQUAL PAYMENT BY GRANTOR. 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. PRIOR NOTES AND SECURITY INTEREST. The Secured Parties acknowledge the existence of the Prior Notes and that the Collateral, is subject to the security interest described on

Schedule C attached hereto (the "Prior Lien"). Immediately upon becoming aware of any default or event of default under any of the Prior Notes or any other document or instrument executed and delivered by Grantor in connection therewith, the Grantor shall provide written notice to the Secured Parties describing the nature thereof, and what action the Grantor proposes to take with respect thereto, along with copies of any applicable notices. The Secured Parties further agree that so long as the Prior Notes remain outstanding, the Prior Lien encumbers the Collateral, and the holders of the Prior Notes have not pursued any of their rights or remedies against the Collateral, Secured Parties will also not pursue any rights or remedies against the Collateral until the date that is 60 days following the date that the Secured Parties sent written notice to the holders of the Prior Notes that the Secured Parties are pursuing their rights and remedies against the Collateral. Grantor agrees to use its commercially reasonable efforts to cause the conditions necessary for the Prior Lien to be released, as specified in the loan documents related to the Prior Notes, to be satisfied.

12. MISCELLANEOUS.

12.1 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 in addition to any rights and remedies provided in the Purchase Agreement, the Notes and any other Loan Document 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 under 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.

12.2 Termination of this Security Agreement. Subject to Section 8 of this Security Agreement, this Security Agreement shall terminate without the consent of the Secured Party upon payment and performance in full of the Secured Obligations, including, but not limited to, upon the conversion of all outstanding balances due under the Notes. Notwithstanding anything to the contrary contained herein or in any other Loan Document, upon the conversion of all outstanding balances under a Note or payment in full of the outstanding balance of a Note: (a) this Security Agreement is terminated with respect to the Secured Party holding such Note ("Noteholder"), (b) all security interests in the Collateral held by the Noteholder are automatically terminated and released, (c) the Grantor is hereby authorized to file

such UCC financing statement amendments as Grantor deems necessary to delete Noteholder as a secured party on, or to terminate, any UCC-1 financing statements or initial UCC financing statements naming the Grantor as debtor and the Noteholder as secured party, (d) the Noteholder hereby appoints Grantor as Noteholder's true and lawful attorney-in-fact, with the power to endorse Noteholder's name on all documents and instruments necessary for Grantor to release Noteholder's security interest in the Collateral recorded in the United States Patent and Trademark Office, and (e) the Noteholder will execute all release documents as Grantor may reasonably request.

12.3 Successors 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 Secured Obligations 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.

12.4 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.

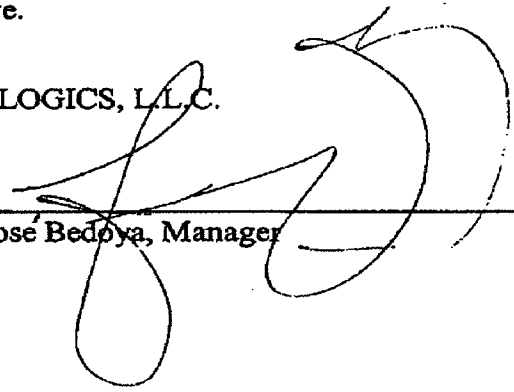
[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties hereto has executed this Patent Security Agreement or caused this Patent 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

ORGANIZATIONAL IDENTIFICATION NUMBER OF GRANTOR: LC0007719

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES:

MEDTRONIC, INC.

By: _____
Print Name: _____
Title: _____

IN WITNESS WHEREOF, each of the parties hereto has executed this Patent Security Agreement or caused this Patent 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

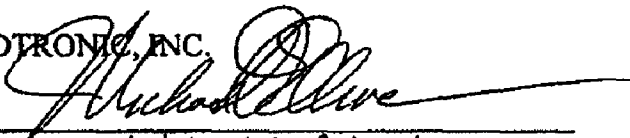
TAXPAYER IDENTIFICATION NUMBER OF
GRANTOR: 43-1744486

ORGANIZATIONAL IDENTIFICATION
NUMBER OF GRANTOR: LC0007719

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES:

MEDTRONIC, INC.

By:  _____

Print Name: Michael D. Edwein

Title: VP and Chief Development Officer

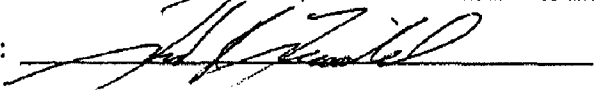
[For Individuals]

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

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES:

Print Name of Secured Party: FRED R FRISWOLD

Signature: 

If promissory note is held as joint tenants or tenants in common:

Signature of joint tenant or co-tenant: _____

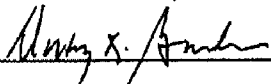
[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

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

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES:

Print Legal Name of Secured Party: Dorsey R. Gardner, John F O'Brien TEE
Dorsey R Gardner 2002 Trust U/A 1/16/03

Signature: 

Print Name of Person Executing: DORSEY R. GARDNER

Print Title of Person Executing: TRUSTEE

[For Individuals]

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

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES:

Print Name of Secured Party: * DALE R. OLSETH

Signature: * Dale R. Olseth

If promissory note is held as joint tenants or tenants in common:

Signature of joint tenant or co-tenant: Beryl A. Olseth

[For Individuals]

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

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES:

Print Name of Secured Party: Ronald A. and Kristine S. Erickson

Signature: *Ronald A. Erickson*

If promissory note is held as joint tenants or tenants in common:

Signature of joint tenant or co-tenant: *Kristine S. Erickson*

[For Individuals]

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

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES:

Print Name of Secured Party: David S. Erickson

Signature: David S. Erickson

If promissory note is held as joint tenants or tenants in common:

Signature of joint tenant or co-tenant: _____

[For Individuals]

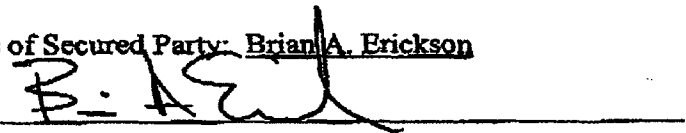
IN WITNESS WHEREOF, each of the parties hereto has executed this Patent Security Agreement or caused this Patent Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES:

Print Name of Secured Party: Brian A. Erickson

Signature: _____



If promissory note is held as joint tenants or tenants in common:

Signature of joint tenant or co-tenant: _____

[For Corporations, Partnerships, Limited Liability Companies, Trusts and other Entities]

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

ACCEPTED AND ACKNOWLEDGED BY:

SECURED PARTIES:

Print Legal Name of Secured Party: Alfred & Rose Erickson Trust f/b/o Donovan Erickson

Signature: *Ronald A. Erickson*

Print Name of Person Executing: Ronald A. Erickson

Print Title of Person Executing: Trustee

TOTAL PAGES

SCHEDULE OF SECURED PARTIES

Medtronic, Inc.
World Headquarters
710 Medtronic Parkway, N.E.
Minneapolis, MN 55432-5604
Attention: General Counsel
Attention: Vice President and Chief Development Officer

Fred R. Friswold
5925 Tamarac Avenue
Edina, MN 55436

Dorsey R. Gardner 2002 Trust, dated January 16,
2003, Dorsey R. Gardner and John F. O'Brien
Original Trustees
219 Lewis Wharf
Boston, MA 02110-3927

Dale R. Olseth
132 Homedale Road
Hopkins, MN 55343

Ronald A. and Kristine S. Erickson
5123 Lake Ridge Road
Minneapolis, MN 55436

David S. Erickson
5123 Lake Ridge Road
Minneapolis, MN 55436

Brian Erickson
5123 Lake Ridge Road
Minneapolis, MN 55436

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

SCHEDULE A
PATENT LICENSES



A-1

SCHEDULE B

PATENTS COVERED BY SECURITY AGREEMENT

COUNTRY	NO.	FILED	PUBLISHED	ISSUED	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
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
EP	04705692.4	01/27/2004			427.WO.EP-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER WITH ADVANCEABLE ACTUATOR TO FACILITATE COUPLING WITH THE AUDITORY SYSTEM	PUBLISHED
JP	2001-588291	3/19/2001	3735573	10/28/2005	015.WO.JP-PTA UTL MOUNTING IMPLANTABLE HEARING AID DEVICE, APPARATUS AND METHOD FOR	ISSUED
JP	2001-588290	3/19/2001			017.WO.JP-PTA UTL POSITIONING IMPLANTABLE HEARING AID DEVICE, IMPROVED APPARATUS AND METHOD FOR	PUBLISHED
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 IN HEARING AIDS	PENDING
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

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COUNTRY ID	SERIAL NO	FILE	PATENT NO	ISSUE	TITLE	STATUS
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	10/821,721	04/09/2004			457-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER RETENTION APPARATUS	PENDING
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	11/097,113	04/01/2005			495.01-PTA UTL LOW ACCELERATION SENSITIVITY MICROPHONE	PENDING
US	10/121,824	04/12/2002	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	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 APPARATUS 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	6,945,999	09/20/2005	428-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER WITH ACTUATOR INTERFACE	ISSUED
US	10/678,959	10/2/2003			449.01-PTA UTL RETENTION APPARATUS FOR AN EXTERNAL PORTION OF A SEMI-IMPLANTABLE HEARING AID	PUBLISHED
US	11/115,436	04/27/2005			479-PTA UTL IMPLANTED HEARING AID ACTUATOR POSITIONING	PENDING

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OFFICE	NO.	DATE	ISSUE	TITLE	STATUS
US	10/549,686	03/22/2004		011.01.01.WO.US-PTA UTL CIP OSSICULAR FIXATION OF IMPLANTABLE HEARING AID ACTUATOR, APPARATUS AND METHOD FOR	PENDING
US	11/224,489	09/12/2005		501.01-PTA UTL SURGEON ADJUSTABLE BONE BRACKET	PENDING
US	11/245,409	10/06/2005		532-PTA UTL IMPLANTABLE TRANSDUCER WITH TRANSVERSE FORCE APPLICATION	PENDING
US	?	01/11/2006		517.01-PTA UTL ACTIVE VIBRATION ATTENUATION FOR IMPLANTABLE MICROPHONE	PENDING
US	60/697,759	07/08/2005		535-PTA PRO IMPLANTABLE MICROPHONE WITH SHAPED CHAMBER	PENDING
US	60/740,710	11/30/2005		547-PTA PRO ACTIVE VIBRATION ATTENUATION FOR IMPLANTABLE MICROPHONE	PENDING
US	60/692,224	06/20/2005		509-PTA PRO SOFT TISSUE PLACEMENT OF IMPLANTABLE MICROPHONE	PENDING
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	PUBLISHED
WO	PCT/US2005/012425	04/11/2005		470.WO-PTA UTL VARIABLE RELUCTANCE MOTOR	PUBLISHED
WO	PCT/US2005/012443	04/11/2005		032.WO-PTA UTL PHASE BASED FEEDBACK OSCILLATION PREVENTION IN HEARING AIDS	PUBLISHED
WO	PCT/US2004/036883	11/08/2004		465.WO-PTA UTL PASSIVE VIBRATION ISOLATION OF IMPLANTED MICROPHONE	PUBLISHED
WO	PCT/US2004/037171	11/08/2004		464.WO-PTA UTL MICROPHONE OPTIMIZED FOR IMPLANT USE	PUBLISHED
WO	PCT/US2004/036072	10/28/2004		450.WO-PTA UTL OBTAINING DIAGNOSTIC INFORMATION RELATING TO A PATIENT HAVING AN IMPLANTED TRANSDUCER, METHOD FOR	PUBLISHED
WO	PCT/US2004/035718	10/28/2004		433.WO-PTA UTL IMPLANTABLE HEARING AID TRANSDUCER INTERFACE	PUBLISHED
WO	PCT/US2004/037318	11/08/2004		469.WO-PTA UTL ACTIVE VIBRATION ATTENUATION FOR IMPLANTABLE MICROPHONE	PUBLISHED
WO	PCT/US2005/032477	09/12/2005		501.WO-PTA UTL ADJUSTABLE BONE BRACKET	PENDING
WO	PCT/US2005/012442	04/11/2005		451.WO-PTA UTL IMPLANTABLE HEARING AID SYSTEMS	PUBLISHED
WO	PCT/US2006/?	01/11/2006		517.WO-PTA UTL ACTIVE VIBRATION ATTENUATION FOR IMPLANTABLE MICROPHONE	PENDING

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SCHEDULE C

PERMITTED LIENS

Any liens granted to the holders of the Prior Notes pursuant to that certain Security Agreement dated as of June 9, 2005 granted to holders of the Prior Notes, as amended by the First Amendment dated as of October 7, 2005, as further amended by the Second Amendment dated as of December 20, 2005 and as further amended by the Third Amendment dated as of January 31, 2006.

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SCHEDULE D

PATENTS NOT COVERED BY SECURITY AGREEMENT

The Grantor has granted a security interest in the following Patents to Wyeth:

COUNTRY	NO. OF PATENTS	FILED	PATENT NO.	ISSUE	TITLE	STATUS
US	07/716,584	06/17/1991	5,282,858	02/01/1994	022-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	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	07/420,292	10/12/1989	5,085,628	02/04/1992	024-PTA UTL IMPLANTABLE HEARING AID COUPLER DEVICE	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	07/242,365	09/09/1988	4,988,333	01/29/1991	027-PTA UTL IMPLANTABLE MIDDLE EAR HEARING AID SYSTEM AND ACOUSTIC COUPLER THEREFOR	ISSUED
CA	2,071,240	06/15/1992	2,071,240	10/24/2000	022.CA-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
JP	177804/92	06/12/1992	3279646	02/22/2002	022.JP-PTA UTL HERMETICALLY SEALED IMPLANTABLE TRANSDUCER	ISSUED

Except as set forth in Section 2 of this Security Agreement, the Patents set forth on this Schedule D do not constitute Collateral and are not subject to the Security Interest granted to the Secured Parties under this Security Agreement until the Wyeth Release Date.

EXHIBIT 1

SUPPLEMENT TO PATENT SECURITY AGREEMENT

Attached.

SUPPLEMENT TO PATENT SECURITY AGREEMENT

This SUPPLEMENT TO PATENT SECURITY AGREEMENT, dated _____, _____, is delivered by OTOLOGICS, L.L.C. (the "Grantor") pursuant to the Patent Security Agreement dated as of March 7, 2006 (as it may be from time to time amended, restated, modified or supplemented, the "Security Agreement") among Grantor and the Secured Parties named therein. Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Security Agreement.

Grantor hereby confirms the grant to the Secured Parties set forth in the Security Agreement of, and does hereby grant to the Secured Parties, a security interest in all of Grantor's right, title and interest in and to all Collateral to secure the Secured Obligations. Grantor represents and warrants that the attached Supplements to Schedules accurately and completely set forth all additional information required pursuant to the Security Agreement and hereby agrees that such Supplements to Schedules shall constitute part of the Schedules to the Security Agreement.

Grantor hereby authorizes the filing of such UCC financing statement amendments and filings with the United States Patent and Trademark Office as Secured Parties may deem necessary or useful to be filed in order to reflect the attached Supplements to Schedules. In addition and without in anyway limiting the generality of anything in the Security Agreement, Grantor will from time to time execute or authorize the filing of such documents or instruments as Secured Parties deem necessary to perfect the Security Interest.

IN WITNESS WHEREOF, Grantor has caused this Supplement to Patent Security Agreement to be duly executed and delivered by its duly authorized officer as of the date first above written.

OTOLOGICS, L.L.C.

By: _____
Name: _____
Title: _____

EXHIBIT 2

PATENT ASSIGNMENT AGREEMENT

Attached.

PATENT ASSIGNMENT AGREEMENT

WHEREAS, Otologics, L.L.C., a Missouri corporation and having its principal offices at 5445 Airport Boulevard, Boulder, CO 80301 ("Assignor"), is the owner of the United States patent and patent applications identified on the attached Schedule 1 (collectively, the "Patents");

WHEREAS, the Secured Parties listed on Schedule 2 attached hereto, as the same may be amended from time to time, (collectively, "Assignees"), desire to acquire Assignor's entire right, title and interest in and to the Patents;

NOW, THEREFORE, in exchange for good and valuable consideration, including that provided to Assignor in that certain Patent Security Agreement dated as of March 7, 2006 among Assignor and Assignees, the receipt and sufficiency is hereby acknowledged, Assignor hereby assigns to Assignees, and their successors and assigns the following:

- (1) Assignor's entire right, title and interest to the Patents including the inventions described or claimed therein, and to each United States and foreign patent application and patent from which the Patents claim priority to in whole or in part; and
- (2) Assignor's entire right, title and interest to any United States or foreign patents that may issue with respect to the inventions described or claimed in the Patents;
- (3) Assignor's entire right, title and interest to any renewals, reissues, extensions, substitutions, continuations, continuations-in-part, or divisions of the Patents, and all foreign applications based thereon;
- (4) Assignor's right to apply for patents in foreign countries in its own name and to claim any priority rights to which such foreign applications are entitled under international conventions, treaties or otherwise; and
- (5) Assignor's right to enforce patent rights to the Patents as fully and entirely as the same would have been held and enjoyed by the Assignor if this assignment had not been made; together with all claims by Assignor for damages by reason of past infringement or for provisional rights and including the right to sue for, and collect the same for its own use and benefit, and for the use and benefit of its successors, assigns, and other legal representatives.

Assignor will execute, deliver or endorse any and all instruments, documents, assignments, and other agreements and writings which Assignees may at any time reasonably request in order to give effect to the transactions contemplated by this Assignment.

Assignor hereby authorizes and requests the Commissioner of Patents to issue to Assignees any patents that may be granted in accordance with this Assignment.

IN WITNESS WHEREOF, this Patent Assignment Agreement has been signed on behalf of Assignor as of the ___ day of _____, 2006.

OTOLOGICS, L.L.C.

By: _____

Name: _____

Its: _____

STATE OF _____)

_____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this ___ day of _____, _____, by _____ (who is known to me personally or who produced a driver's license as identification), the _____ of OTOLOGICS, L.L.C., a Missouri limited liability company, on behalf of such company.

Notary Public

(Notary Seal)