

**SUPPLEMENTAL SECURITY AGREEMENT
(Trademarks)**

THIS SUPPLEMENTAL SECURITY AGREEMENT (the "Supplemental Trademark Agreement") is made and dated this 25 day of April, 2000 by and between BREG, INC., a California corporation ("Debtor") and SANWA BANK CALIFORNIA (the "Bank") under that certain Credit Agreement dated as of April 25, 2000 by and between Debtor and Bank (as amended, extended and replaced from time to time, the "Credit Agreement"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Credit Agreement.

RECITALS

A. Pursuant to that certain Security Agreement dated as of even date herewith between Debtor and the Bank (the "Security Agreement"), Debtor has granted to the Bank a perfected security interest in certain assets of Debtor, including, without limitation, all patents, trademarks, service marks, trade names, copyrights, goodwill, licenses and other intellectual property owned by Debtor or used in Debtor's business.

B. The parties hereto desire to supplement the Security Agreement as it relates to certain of such intellectual property consisting generally of trademarks and to create hereby a document appropriate for recordation in the Patent and Trademark Office of the United States (the "PTO").

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. Confirmation of Grant of Security Interest. Debtor hereby confirms the grant of security interest, pledge, assignment and mortgage set forth in the Security Agreement and acknowledges that the Collateral (as defined in the Security Agreement) described therein includes, without limitation, all of Debtor's right, title and interest in the following (the "Trademark Collateral"):

(a) All trademarks, service marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles and other source, product and business identifiers pertaining to the products, services and business of Debtor, whether now owned or hereafter acquired, including, without limitation, the trademarks specifically described on Schedule I attached hereto, as the same may be amended or replaced from time to time with the consent of the Bank;

(b) All now existing and hereafter arising registrations and applications for registration relating to any of the foregoing, all renewals and extensions thereof throughout the world in perpetuity, and all rights to make such applications and to renew and extend the same;

(c) All now existing and hereafter arising rights and licenses to make, have made, use and/or sell any items disclosed and claimed by any of the foregoing;

(d) All now existing and hereafter arising right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulation;

(e) All now existing and hereafter arising rights, claims and interests under licensing or other contracts pertaining to any of the foregoing to the extent such rights are assignable;

(f) All now existing and hereafter arising documents, instruments and agreements which reveal the name and address of sources of supply, distribution methods and all terms of purchase, rental, license or use and delivery for all materials, products and components used in connection with any of the foregoing;

(g) All now existing and hereafter arising specifications as to and quality control manuals used in connection with the operations conducted under the name of or in connection with the foregoing;

(h) All now existing and hereafter arising goodwill associated with any of the foregoing;

(i) All now existing and hereafter arising right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of Debtor or the Bank for past, present and future infringements of any of the foregoing;

(j) All products and proceeds of any of the foregoing.

2. Additional Representation and Warranty and Covenant. In addition to all representations and warranties, covenants and agreements set forth in the Security Agreement, Debtor hereby:

(a) Represents and warrants that Schedule I attached hereto sets forth an accurate and complete list of all trademarks owned by Debtor which are registered with the PTO as of the date hereof; and

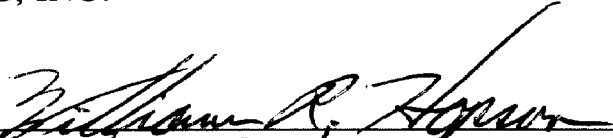
(b) Agrees to promptly notify the Bank in writing of any additional trademarks registered with the PTO of which Debtor becomes the owner and to amend Schedule I accordingly.

3. No Present Assignment. Neither the Security Agreement, this Supplemental Trademark Agreement nor any other document, instrument or agreement creates or is intended to create a present assignment of the Trademark Collateral. Subject to the rights of the Bank under the Security Agreement and this Supplemental Trademark Agreement, it is the intention of the parties hereto that Debtor continue to own the Trademark Collateral and that upon the indefeasible payment and performance in full of Debtor Obligations, the rights of the Bank under the Security Agreement and this Supplemental Trademark Agreement in and to the Trademark Collateral shall be released and terminated.

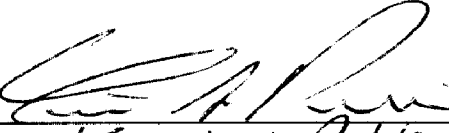
4. Relationship to Security Agreement. The Trademark Collateral shall constitute Collateral for all purposes of the Security Agreement and the other Loan Documents and the Bank shall have all rights, powers and remedies with respect to the Trademark Collateral to the same extent as they have with respect to other Collateral. Reference is hereby made to the Security Agreement, the terms and conditions of which are incorporated herein by this reference.

EXECUTED as of the day and year first above written.

BREG, INC.

By: 
Name: William R. Hopson
Title: Executive Vice President

SANWA BANK CALIFORNIA

By: 
Name: Kenneth A. Pardo
Title: Vice President of Mortgage

List of Trademarks

BREG, INC. ACTIVE U.S. TRADEMARK DOCKET; 4/19/00

Attorney Docket No: 001T9601

Mark: BREG

Goods/Services: Equipment and devices for the treatment and rehabilitation of injuries to bones, joints, muscles, tendons, and ligaments

Country: US Serial No: 74/048,482 Filing Date: 4/12/90

Reg. No: 1,712,650 Reg. Date: 9/1/92

Attorney Docket No: 001T9602

Mark: BREG & DESIGN

Goods/Services: Equipment and devices for the treatment and rehabilitation of injuries to bones, joints, muscles, tendons, and ligaments

Country: US Serial No: 74/063,660 Filing Date: 5/29/90

Reg. No: 1,710,735 Reg. Date: 8/25/92

Attorney Docket No: 001T9603

Mark: DESIGN (STYLIZED B)

Goods/Services: Equipment and devices for the treatment and rehabilitation of injuries to bones, joints, muscles, tendons, and ligaments

Country: US Serial No: 74/063,644 Filing Date: 5/29/90

Reg. No: 1,726,657 Reg. Date: 10/20/92

Attorney Docket No: 001T9604

Mark: FLEX-MATE

Goods/Services: Therapeutic motion devices to increase the range of motion of a joint, used for the treatment and rehabilitation of injuries

Country: US Serial No: 74/511,501 Filing Date: 4/12/94

Reg. No: 1,898,777 Reg. Date: 6/13/95

Attorney Docket No: 001T9605

Mark: CLEAR CHOICE

Goods/Services: Providing a variety of post-operative rehabilitation products and services to patients or hospitals

Country: US Serial No: 74/557,812 Filing Date: 8/4/94

Reg. No: 2,051,168 Reg. Date: 4/8/97

0419b.001

Walt
3/27 4/25/00

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

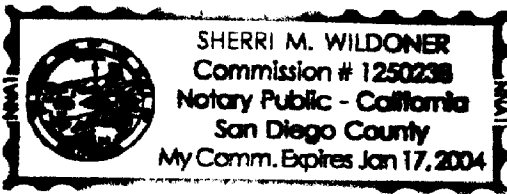
County of San Diego } SS.

On 25 April 2000, before me, Sherril M. Wildoner, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared William R. Hopson
Name(s) of Signer(s)

personally known to me
 I proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Sherril M. Wildoner
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Supplemental Security Agreement (Trademarks)

Document Date: April 25, 2000 Number of Pages: 5

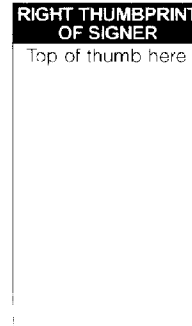
Signer(s) Other Than Named Above: None

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

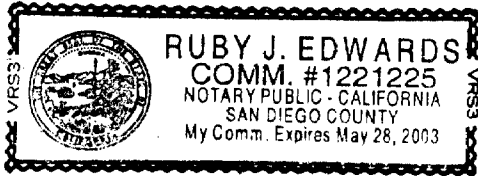
State of California

County of San Diego

On April 26, 2000 before me, Ruby J. Edwards, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Kenneth A. Pickle
Name(s) of Signer(s)

personally known to me – OR – proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Ruby J. Edwards
Signature of Notary Public

OPTIONAL

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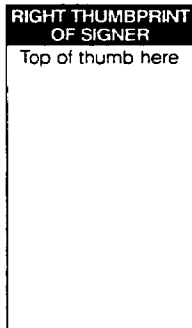
Document Date: April 25, 2000 Number of Pages: Four plus Schedule I

Signer(s) Other Than Named Above: William R. Hopson

Capacity(ies) Claimed by Signer(s)

Signer's Name: Kenneth A. Pickle

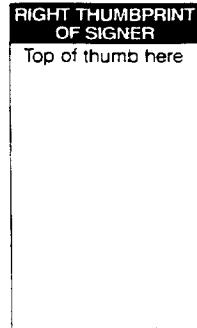
- Individual
- Corporate Officer
Title(s): Vice President & Manager
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:
Sanwa Bank California

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:
