

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	RELEASE BY SECURED PARTY

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
ARION BANK HF		03/11/2011	CORPORATION: ICELAND

RECEIVING PARTY DATA

Name:	OSSUR HF
Street Address:	Griothals 5
City:	Reykjavik
State/Country:	ICELAND
Postal Code:	110
Entity Type:	CORPORATION: ICELAND

PROPERTY NUMBERS Total: 12

Property Type	Number	Word Mark
Serial Number:	76166126	ARC
Serial Number:	78679050	B
Serial Number:	78141544	CHEETAH
Serial Number:	76098624	DERMO
Serial Number:	78176946	ELATION
Serial Number:	78412450	FLEXSKIN
Serial Number:	75211836	ICECAST
Serial Number:	75772732	ICEFLEX
Serial Number:	76166198	ICELOCK
Serial Number:	75547678	ICEROSS COMFORT
Serial Number:	78945636	LIFE WITHOUT LIMITATIONS
Serial Number:	78355206	RHEO KNEE

CORRESPONDENCE DATA

900194316

TRADEMARK
REEL: 004560 FRAME: 0568

CH \$315.00 76166126

Fax Number: (571)970-5692
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Email: dlizama@baconthomas.com
Correspondent Name: Bacon & Thomas, PLLC
Address Line 1: 625 Slaters Lane - 4th Floor
Address Line 4: Alexandria, VIRGINIA 22314-1176

ATTORNEY DOCKET NUMBER:	OSSURSA/JJC
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DOMESTIC REPRESENTATIVE

Name: Bacon & Thomas, PLLC
Address Line 1: 625 Slaters Lane - 4th Floor
Address Line 4: Alexandria, VIRGINIA 22314-1176

NAME OF SUBMITTER:	Justin J. Cassell
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Signature:	/Justin J. Cassell/
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Date:	06/14/2011
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Total Attachments: 54

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EXECUTION COPY

Arion Bank hf.
Borgatuni 19
105 Rejkjavik
Iceland

March 11, 2011

U.S. MASTER LIEN TERMINATION AGREEMENT

Össur hf.
Grjóthals 5
110 Rejkjavik
Iceland

Attention: Chief Financial Officer

Ladies/Gentlemen:

Reference is hereby made to the Amended and Restated Facilities Agreement, dated 26 April 2010 (as heretofore amended, supplemented or modified from time to time, the "Facilities Agreement"), among Össur hf., as borrower (the "Borrower"), the Guarantors party thereto, the lenders from time to time parties thereto, and Arion Bank hf., as arranger, facility agent and security agent (in its capacity as security agent, the "Security Agent"). All capitalized terms used herein that are defined in the Facilities Agreement and that are not otherwise defined herein shall have the respective meanings ascribed thereto in the Facilities Agreement.

This letter confirms that, effective upon the date hereof:

- (1) all indebtedness of the Borrower for credit extended under the Facilities Agreement is hereby fully paid and discharged;
- (2) all security interests and other liens granted by any US Guarantor (as defined in the Amended and Restated Security Agreement, dated as of April 26, 2010 (the "U.S. Security Agreement"), among the Borrower, the guarantors party thereto (the "US Guarantors") and the Security Agent) to or in favor of the Security Agent for the benefit of the Secured Parties as security for such indebtedness and other Secured Obligations (as defined in the U.S. Security Agreement) are hereby forever satisfied, released and discharged;
- (3) all guarantees given by the US Guarantors pursuant to the Facilities Agreement or any other Finance Documents are hereby forever satisfied, released and discharged; and
- (4) all other obligations of the US Guarantors under the Facilities Agreement or any other Finance Documents are hereby released and discharged, except only those that are specified in the Facilities Agreement or any of the other Finance Documents as surviving that respective agreement's termination, which shall, as so specified, survive without prejudice and remain in full force and effect.

EXECUTION COPY

TERMINATION OF U.S. AMENDED AND RESTATED SECURITY AGREEMENT

Reference is made to the Amended and Restated Security Agreement, dated as of April 26, 2010 (as heretofore amended, modified or supplemented from time to time, the "U.S. Security Agreement"), among Ossur HF., as borrower (the "Borrower"), Ossur Americas Holdings, Inc., Ossur Americas, Inc., Ossur Funding LLC, Empower Reimbursement Services, Inc. and Ossur Americas L.P., as guarantors (collectively, the "US Guarantors" and, together with the Borrower, the "Lien Grantors"), and Arion Bank HF., as security agent (in such capacity, the "Security Agent"). All capitalized terms used herein that are defined in the U.S. Security Agreement and that are not otherwise defined herein shall have the respective meanings ascribed thereto in the U.S. Security Agreement.

Each of the undersigned hereby agrees that, effective as of the date hereof, (i) pursuant to Section 27 of the U.S. Security Agreement, the U.S. Security Agreement is hereby terminated, and (ii) the Release Conditions have been satisfied, and the Transaction Liens are hereby terminated. Notwithstanding the foregoing, as provided in Section 21(d) of the U.S. Security Agreement, the Security Agent hereby agrees, at the expense of the Lien Grantors, to execute and deliver to the Lien Grantor such documents as such Lien Grantors shall reasonably request to evidence the termination of the Transaction Liens.

This agreement shall be construed in accordance with and governed by the laws of the State of New York.

Dated: As of March 11, 2011

[Signature pages follow]

Execution Copy

IN WITNESS WHEREOF, each of the undersigned has duly executed and delivered this Termination of U.S. Amended and Restated Security Agreement as of the date first above written.

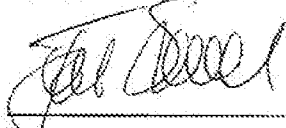
ARION BANK HF., as Security Agent

By: *[Signature]*
Name: LOREN FREDERICKSON
Title: VP CORPORATE BANKING

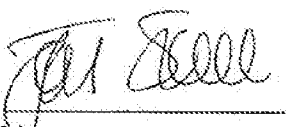
TRADEMARK

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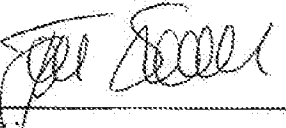
OSSUR HF.

By: 
Name: _____
Title: _____

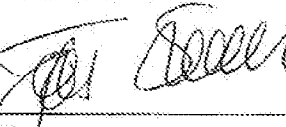
OSSUR AMERICAS HOLDINGS, INC.

By: 
Name: _____
Title: _____

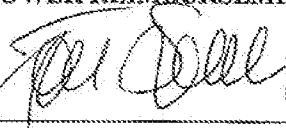
OSSUR AMERICAS, INC.

By: 
Name: _____
Title: _____

OSSUR FUNDING LLC

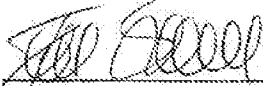
By: 
Name: _____
Title: _____

EMPOWER REIMBURSEMENT SERVICES, INC.

By: 
Name: _____
Title: _____

OSSUR AMERICAS L.P.

By: OSSUR HOLDING B.V.,
its general partner

By: 
Name: _____
Title: _____

The Security Agent hereby authorizes the US Guarantors to prepare and file or record, as applicable, Uniform Commercial Code termination statements, real property terminations and releases and such other instruments of release and discharge pertaining to the security interests and liens described in clause (2) above of the Collateral Agent in any of the assets and property of the US Guarantors as the US Guarantors may reasonably request to effectuate, or reflect of public record, the release and discharge of all such security interests and liens, including, without limitation, each of the termination statements and instruments specified on Schedule 1 hereto. The Collateral Agent will execute (where applicable) and deliver each of the termination statements and instruments specified on Schedule 1 hereto and such other documents as the US Guarantors may from time to time reasonably request to effectuate, or reflect of public record, the release and discharge of such security interests and liens. All of the foregoing deliveries shall be at the expense of the US Guarantors.

**THIS LETTER AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH
AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

[Signature pages follow]

Execution Version

Very truly yours,

ARION BANK HF., as Security Agent

By : *[Signature]*
Name : BOYAN DOROSHOVSKI
Title : MO CORPORATE BANKING

Accepted and Agreed to:

OSSUR HF.

By : _____
Name : _____
Title : _____

OSSUR AMERICAS HOLDINGS, INC.

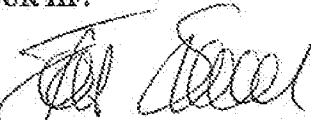
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OSSUR AMERICAS, INC.

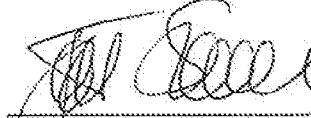
By : _____
Name : _____
Title : _____

Accepted and Agreed to:


OSSUR HF.

By: 
Name: _____
Title: _____

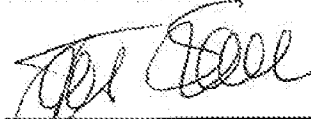
OSSUR AMERICAS HOLDINGS, INC.

By: 
Name: _____
Title: _____

OSSUR AMERICAS, INC.

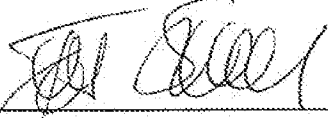
By: 
Name: _____
Title: _____

OSSUR FUNDING LLC

By: 
Name: _____
Title: _____

{Signature Page to U.S. Master Lien Termination Agreement}

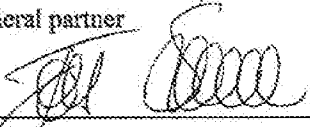
EMPOWER REIMBURSEMENT SERVICES, INC.

By: 
Name: _____
Title: _____

{Signature Page to U.S. Master Lien Termination Agreement}

OSSUR AMERICAS L.P.

By: OSSUR HOLDING B.V.,
its general partner

By: 
Name: _____
Title: _____

[Signature Page to U.S. Master Lien Termination Agreement]

SCHEDULE 1

TERMINATION DOCUMENTATION

Uniform Commercial Code Termination Statement with respect to Ossur Americas Holdings, Inc. to be filed in the Office of the Secretary of State of the State of Delaware.

Uniform Commercial Code Termination Statement with respect to Ossur Americas, Inc. to be filed in the Office of the Secretary of State of the State of California.

Uniform Commercial Code Termination Statement with respect to Ossur Funding LLC to be filed in the Office of the Secretary of State of the State of Delaware.

Uniform Commercial Code Termination Statement with respect to Empower Reimbursement Services, Inc. to be filed in the Office of the Secretary of State of the State of California.

In the event that a Uniform Commercial Code Financing Statement is filed with respect thereto, a Uniform Commercial Code Termination Statement with respect to Ossur Americas L.P. to be filed in the Office of the Secretary of State of the State of Delaware.

Termination of U.S. Amended and Restated Security Agreement, among the parties to the U.S. Security Agreement.

Termination of Deposit Account Control Agreement, among Ossur Funding LLC, Arion Bank hf and Bank of America, N.A.

Termination of Deposit Account Control Agreement, among Ossur Americas, Inc. (formerly known as Ossur North America, Inc.), Arion Bank HF (as successor to Kaupthing Bank HF) and US Bank.

Substitution of Trustee and Full Reconveyance by Arion Bank HF.



DECLARATION OF PLEDGE

Dated 5th August 2005

between

Össur hf.
as Borrower

and

Kaupthing Bank hf.
as Security Agent

DECLARATION OF PLEDGE

This Declaration of Pledge is dated the 5th August, 2005, among Össur hf. (hereinafter referred to as the "**Borrower**"), a company organised and operated under the laws of Iceland, whose principal office is located at Griótháls 5, 110 Reykjavík, and Kaupthing Bank hf., Borgartúni 19, Reykjavík, Iceland, (together with its successors, transferees and assigns in such capacity pursuant to the Loan Agreement referred to below, the "**Security Agent**") as agent and trustee for each and any Secured Party as defined below.

The Borrower is in the business of development, creation, manufacturing and selling of prosthetic and orthotic devices and a leading innovator in the field.

The Borrower will refinance its current senior indebtedness and finance its operations and the acquisition of the Target with a loan to be made to the Borrower pursuant to an agreement, dated on or around August, 2005, (the "**Facilities Agreement**") among the Borrower, and Kaupthing Bank hf. as arranger, Facility Agent and Security Agent, and the lenders from time to time party thereto (the "**Lenders**").

It is a condition precedent to the Lenders making funds available under the Facilities Agreement that the Borrower shall have granted the pledge and security interest contemplated by this Declaration of Pledge.

The parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS:

- (a) (i) Capitalised terms used herein and not defined herein shall have the respective meanings ascribed thereto in the Facilities Agreement (as defined herein) and clause 1.0 (*Definitions*) of the Facilities Agreement shall apply to this Declaration of Pledge mutatis mutandis.
- (ii) Unless otherwise stated, any reference herein to any Person shall include its permitted successors, transferees and assigns.
- (iii) Reference to a Loan Document or any other document is a reference to that Loan Document or other document as amended, novated, replaced or supplemented from time to time.
- (iv) "assets" includes properties, contracts, revenues and rights of every description.

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#0
*

(b) The following terms shall have the following meanings (all terms defined in this Section 1 or in the other provisions of this Declaration of Pledge in the singular shall include the plural and *vice versa*):

"Bridge Loan Facility Agreement" means the USD 80,000,000 loan agreement (as amended and restated, supplemented or otherwise modified from time to time) entered into between the Borrower and Kaupthing Bank hf. as the Lender on the 5 August 2005.

"Facilities Agreement" means the USD 233,000,000 term loan and credit line agreement (as amended and restated, supplemented or otherwise modified from time to time) entered into between the Borrower, the Original Guarantors (as defined therein) and Kaupthing Bank hf. as the Arranger, the Original Lender, the Facility Agent and the Security Agent, on the 5 August 2005.

"Finance Documents" means:

- (a) the Facilities Agreement;
- (b) the Bridge Loan Facility Agreement;
- (c) the Fee Letter; and
- (d) the Security Documents.

"Finance Parties" means the Facility Agent, the Arranger, the Security Agent and the Lender (which may vary from time to time to the extent provided in the Facilities Agreement) as defined in the Facilities Agreement.

"Pledged Assets" means all the assets pledged pursuant to Section 2 of this Declaration of Pledge.

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Borrower to any Finance Party under the each Finance Document to which the Borrower is a party together with all costs, charges and expenses incurred by any Finance Party in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents on a full indemnity basis except for any obligation or liability which, if it were so included, would result in this Declaration of Pledge to be unlawful. The term "Loan Document" includes all amendments and supplements including supplements providing for further advances.

"Security Period" means the period beginning on the date hereof and ending on the date upon which the Security Agent is satisfied (acting reasonably) that all the Secured Liabilities which have arisen have been unconditionally and irrevocably paid and discharged in full or (if earlier) the security hereby created has been unconditionally and irrevocably released and discharged.

"Secured Party" means each and any Finance Party.

"Updating Date" means;

(i) in respect of any contracts, agreements or documents to be included in Schedule A replacing or supplementing the Pledged Agreements or otherwise entered into in connection with the operation of the Facilities in accordance with Section 2 A, a date falling within 10 Business Days of the date on which the relevant contract, agreement or document is entered into; and

(ii) in respect of any replacement or supplement to the contracts, agreements, documents or assets referred to in paragraphs B to D of Section 2 to be included in Schedules B, C or D on each date falling within 10 Business Days of the replacement by or addition of any asset having an open market value of more than USD 250,000 or (as the case may be) within 10 Business Days of the execution of any contract or agreement relating to the provision of goods and/or services having an aggregate value in excess of USD 250,000.

SECTION 2. PLEDGE.

To ensure payment, performance and/or discharge of the Secured Liabilities in accordance with the Finance Documents, the Borrower hereby pledges by way of first ranking security to the Security Agent, for the benefit of the Secured Parties the following items:

- A. All its rights, title, benefits and interests (present or future, actual or contingent) in, under or in respect of the agreements, contracts and documents listed in **Schedule A**, together with all other agreements, contracts and other documents entered into by the Borrower after the date of this Agreement including without limitation (i) all rights of the Borrower to receive moneys due and to become due under or pursuant to the Pledged Agreements, (ii) all rights of the Borrower to receive proceeds of any insurance, payment and/or performance bond, indemnity, warranty or guaranty with respect to the Pledged Agreements and all arrangements, documents and instruments relating thereto, (iii) all claims of the Borrower for damages arising out of breach of or default under any of the Pledged Agreements and (iv) all rights of the Borrower to terminate, amend, supplement, modify or waive performance under the Pledged Agreements, to perform thereunder and to compel performance and otherwise to exercise all rights and remedies thereunder provided, however, that, for so long as no Event of Default shall have occurred and be continuing, the Borrower may exercise all of its rights and privileges under the Pledged Agreements, subject to the terms of the other Finance Documents.
- B. All its rights, title, benefits and interests (present or future, actual or contingent) in, under or in respect of all rental agreements listed in **Schedule B**, together with all other agreements, contracts and other documents entered into by the Borrower after the date of this Agreement, including without limitation (i) all rights of the Borrower to receive moneys due and to become due under or pursuant to the Pledged Agreements, (ii) all rights of the Borrower to receive proceeds of any insurance, payment and/or performance bond, indemnity,

warranty or guaranty with respect to the Pledged Agreements and all arrangements, documents and instruments relating thereto, (iii) all claims of the Borrower for damages arising out of breach of or default under any of the Pledged Agreements and (iv) all rights of the Borrower to terminate, amend, supplement, modify or waive performance under the Pledged Agreements, to perform thereunder and to compel performance and otherwise to exercise all rights and remedies thereunder provided, however, that, for so long as no Event of Default shall have occurred and be continuing, the Borrower may exercise all of its rights and privileges under the Pledged Agreements, subject to the terms of the other Finance Documents.

The Agreements as set out in A and B above are referred to (individually and collectively) as the "Pledged Agreements".

- C. All present and future copyrights, trade marks, patents and patent applications, all trade and/or service marks and such applications, all brand and trade names, all registered designs and applications for registered designs, as listed in **Schedule C**. The Borrower shall procure that this pledge shall be registered with the Icelandic Trade Mark and Patent Registry where appropriate.
- D. All present and future, bonds, debentures or other securities and any other investments of the Borrower (herein, collectively called the "Investments") listed in **Schedule D** as well as all the rights, benefits and interests which the Borrower enjoys according to these documents.

SECTION 3. UPDATES.

The Borrower undertakes and agrees that it will:

(a) by not later than close of business on each Updating Date, update this Declaration of Pledge by issuing supplements to Schedules A, B, C and/or D substantially in the form set out in Schedule J (each a "Supplemental Schedule") to include such details as may be reasonably required by the Security Agent from time to time of, as the case may be, any agreement, contract or other document and/or any asset which substitutes for or replaces or supplements the agreements, contracts or other documents and assets referred to in Section 2 and Schedules A to D (which Supplemental Schedules shall be signed by or on behalf of both the Borrower and the Security Agent), together with any other document(s) which may be reasonably considered to be necessary by the Security Agent in relation to such updating;

(b) on each occasion that a Supplemental Schedule is issued, provide the Security Agent with such evidence of the Borrower's signing authority as the Security Agent may reasonably require; and

(c) forthwith upon the execution of any Supplemental Schedule prepared pursuant to this Section 3, the Borrower shall perfect the security in accordance with the provisions of this Declaration of Pledge including procuring registration (or, if so required by the Security Agent, shall assist the

Security Agent in obtaining registration) of the Supplemental Schedule, together with any other document(s) which may be considered necessary by the Security Agent in relation to such updating at the Icelandic Trade Mark and Patent Registry and/or with any other relevant Agency in Iceland and (i) in relation to documents other than the rental agreements and Insurances by delivering a notice of this pledge substantially in the form of Schedule E to each counterparty of the documents listed in the Supplemental Schedule and procure from each such counterparty an acknowledgement substantially in the form of Schedule F and (ii) in relation to the rental agreements by delivering a notice of this pledge to each such counterparty in the form of Schedule G and procuring from such counterparty an acknowledgement of such Pledge in the form set out in Schedule H and in relation to Insurances by delivering a notice of this pledge to each such insurer in the form of Schedule I and procuring from such insurer an acknowledgement of such Pledge.

SECTION 4. NO WAIVER.

No failure to exercise, and no delay in exercising, on the part of the Security Agent or any of its agents, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

SECTION 5. RIGHTS AND REMEDIES.

(a) The security constituted hereby shall become immediately enforceable upon the occurrence of an Event of Default and at any time thereafter whilst any Event of Default exists, and the enforcement rights defined below shall be immediately exercisable upon the occurrence of any Event of Default and at any time thereafter whilst any Event of Default exists. After the security constituted hereby has become enforceable (in addition to any other rights and remedies provided for herein or which may otherwise be available at law, in equity or otherwise), the Security Agent may in its absolute discretion enforce all or any part of such security in such manner as it sees fit, including:

(i) have the Pledged Assets, sold directly at a distress sale for the outstanding Secured Liabilities in accordance with the provisions of the Distress Sales Act, No. 90/1991, without a prior court judgement, settlement or enforcement measure; or

(ii) redeem the Pledged Assets; or

(iii) have the Pledged Assets sold at a private sale.

(b) If any Event of Default shall have occurred and be continuing, the Security Agent or any person designated by it may by notice to the Borrower from the Security Agent exercise (in place of the Borrower) all of the Borrower's rights and discretions

in respect of the Pledged Assets and (acting as agent of the Borrower or at the Security Agent's discretion jointly and severally with the Borrower) perform any obligations of the Borrower in respect of the Pledged Assets.

SECTION 6. USE OF PROCEEDS.

Any moneys received by the Security Agent pursuant to this pledge and/or under the powers hereby conferred after the security constituted hereby has become enforceable shall be applied by the Security Agent for the benefit of the Secured Parties in or towards payment of the Secured Liabilities in the following order of priorities, but without prejudice to the right of any Finance Party to recover any shortfall from the Borrower:

First: to pay all unpaid cost and expenses incurred in connection with such enforcement, including reasonable compensation to agents of and counsel for the Agents, and all expenses, liabilities and advances incurred or made by the Agents in connection with the Security Documents, and any other amounts then due and payable to the Agents pursuant to the Facilities Agreement;

Second: to pay pro rata the unpaid principal of the Secured Liabilities in accordance with the provisions of the Facilities Agreement, until payment in full of the principal of all Secured Liabilities shall have been made (or so provided for);

Third: to pay pro rata (i) all interest on the Secured Liabilities and (ii) all commitment fees, agent fees and other fees payable under the Facilities Agreement, until payment in full of all such interest and fees shall have been made;

Fourth: to pay pro rata all other Secured Liabilities, until payment in full of all such other Secured Liabilities shall have been made (or so provided for); and

Finally: to pay to the Borrower, or as a court of competent jurisdiction may direct, any surplus then remaining from the proceeds of the Pledged Assets owned by it.

If the Security Agent considers (acting reasonably) that in respect of any amount paid by any Loan Party to any Secured Party under any Loan Document there is a material risk of such amount being avoided or otherwise set aside on the liquidation or other similar proceeding (including but not limited to the winding-up, moratorium or the seeking of composition) of such Loan Party, then such amount shall not be considered to have been irrevocably paid for the purposes hereof.

SECTION 7. SECURITY AGENT APPOINTED ATTORNEY-IN-FACT.

The Borrower by way of security only hereby irrevocably appoints the Security Agent and any person nominated in writing by the Security Agent severally to be the Borrower's attorney-in-fact (with full powers of substitution and delegation) with full authority to act in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time in the Security Agent's discretion to take

any action and to execute any instrument which the Security Agent may deem necessary or advisable:

(a) to create, preserve, perfect or protect the security intended to be created by this Declaration of Pledge and to facilitate the exercise by the Security Agent of all or any of the rights, powers and discretions exercisable by the Security Agent in accordance with and subject to the terms of this Declaration of Pledge; and

(b) to do anything which the Borrower is obliged to do (but has not done) under this Declaration of Pledge; and

(c) on or following the occurrence of an Event of Default (whilst the same is continuing) to facilitate the realisation of all or any of the Pledged Assets including, without limitation, to ask, demand, collect, sue for, recover, compound, receive and give discharge and receipts for moneys due and to become due under or in connection with the Pledged Assets, to receive, indorse and collect any drafts or other instrument, documents and chattel paper in connection therewith, to file any claims or take any action or institute any proceedings, that the Security Agent may deem to be necessary or desirable for the collection thereof or to enforce compliance with the terms and conditions of this Declaration of Pledge, and to make and execute all conveyances, assignments and transfers of the Pledged Assets sold pursuant to Section 5 hereof.

The Borrower hereby ratifies and confirms all that the Security Agent and any of its delegates or sub-delegates or nominees, as said attorney-in-fact, shall do by virtue hereof. Notwithstanding the foregoing, except as required by applicable law, neither the Security Agent nor any of its delegates, sub-delegates or nominees shall be obligated to exercise any right or duty as attorney-in-fact, and shall have no liabilities or duties to the Borrower in connection therewith.

SECTION 8. NOTICES OF SECURITY.

(i) In relation to documents other than Insurances, the Borrower shall procure that this pledge shall be forthwith notified in writing to all the counterparties of the documents listed in Schedules A, B and C by a notice substantially in the form set out in Schedule E and (ii) in relation to Insurances (which are secured by this Declaration of Pledge), the Borrower shall deliver a notice of this pledge substantially in the form of Schedule I to the insurer and shall use commercially reasonable efforts to procure, that each insurer acknowledges the notice by an acknowledgement in the form set out in Schedule I.

The Borrower shall procure that this pledge shall be recorded on the originals of all the documents listed in Schedule D with the following wording: "This [document] is pledged, with a 1st ranking mortgage, to Kaupthing Bank hf. as Security Agent, as for the benefit of the Secured Parties, or whomsoever it designates in its stead, in accordance with a special declaration of pledge dated [], 2005. On behalf of the Borrower: [signed by whom is authorised to sign this document according to the relevant board resolution of the Borrower]."

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**SECTION 9. DUTIES OF THE SECURITY AGENT;
BORROWER REMAINS LIABLE.**

(a) The rights conferred on the Security Agent hereunder are solely to protect its interest in the Pledged Assets and shall not impose any duty upon it to exercise any such rights. The Security Agent shall have no duty (except to the extent required by applicable law) as to any Pledged Assets or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any of the Pledged Assets. Neither the Security Agent, any other Secured Party nor any of their directors, officers, employees, delegates, sub-delegates, nominees or agents shall be liable for failure to demand, collect or realize any of the Pledged Assets or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Pledged Assets upon the request of the Borrower or otherwise.

(b) Anything herein to the contrary notwithstanding, the Borrower shall remain liable in respect of the Pledged Assets to perform and satisfy all of its duties and obligations under the Documents or in respect thereof to the same extent as if this Declaration of Pledge had not been executed. The exercise by the Security Agent of any of the rights and remedies hereunder shall not release the Borrower from any of its duties or obligations under the Pledged Agreements, or the Finance Documents or in respect of the Pledged Assets. Neither the Security Agent nor any of the Secured Parties shall have any obligation or liability under any of the Pledged Agreements, or the Finance Documents or in respect of the Pledged Assets by reason of this Declaration of Pledge, nor shall the Security Agent, nor any of the Secured Parties, be obligated to perform or satisfy any of the obligations or duties of the Borrower thereunder.

(c) The Security Agent shall be accountable only for amounts that it actually receives as a result of the exercise of its rights, powers and discretions (in circumstances where it is obliged to do so under the terms of the Finance Documents). Neither the Security Agent nor any of its officers or employees will be liable, by reason of entering into possession of any of the Pledged Assets or exercising in whatever capacity any rights, powers, discretions or obligations in respect of the Pledged Assets, for any loss, damage, liability or expense arising therefrom save to the extent that the same shall be caused by the Security Agent's own wilful default gross negligence or failure to account for receipts (in circumstances where it is obliged to do so under the terms of the Finance Documents) or that of its officers or employees.

(d) All the provisions of this Section shall apply, *mutatis mutandis*, in respect of the liability of any delegate or other person appointed or authorised to carry out any of the duties or obligations of, or to exercise all or any of the rights, powers or discretions vested in, the Security Agent under or pursuant to this Declaration of Pledge.

SECTION 10. NOTICES.

All notices or other communications under or in connection with this Declaration of Pledge shall be given in writing as provided for in Clause 31 in the

Facilities Agreement or Clause 23 in the Bridge Loan Facilities Agreement as the case may be.

SECTION 11. FURTHER ASSURANCES.

The Borrower agrees from time to time, at the expense of the Borrower, to take whatever action the Security Agent reasonably requires for:

(a) perfecting or protecting the security intended to be created by this Declaration of Pledge over any Pledged Asset or for facilitating the realisation of any Pledged Asset; or

(b) the exercise of any right, power or discretion exercisable by the Security Agent or any of its designates, delegates or sub-delegates in respect of any Pledged Asset,

including the execution of any transfer, conveyance, assignment or assurance of any property whether to the Security Agent or to its nominees and the giving of any notice, order or direction and the making of any registration, which in any such case, the Security Agent may think expedient.

The Borrower shall not create or permit to subsist any Lien on any of the Pledged Assets, other than pursuant to this Declaration of Pledge and any other Encumbrance permitted under the Security Documents or Clause 15 of the Facilities Agreement.

SECTION 12. EXPENSES AND INDEMNITY.

The Borrower shall forthwith on demand pay (a) all reasonable costs and expenses (including legal fees) incurred in connection with the negotiation, preparation, printing and execution of this Declaration of Pledge and any other document referred to in this Declaration of Pledge, (b) all costs and expenses (including legal fees) incurred in connection with the enforcement of, or the preservation of any rights under this Declaration of Pledge and (c) any costs or expenses incurred as a result of any steps being taken in connection with the protection and/or improvement of the Pledged Assets, delegate, nominee, attorney, manager, agent or other person appointed by the Security Agent under this Declaration of Pledge, and keep each of them indemnified against any failure or delay in paying the same.

SECTION 13. DELEGATES.

The Security Agent or any person appointed by it hereunder may delegate by power of attorney or in any other manner to any other person any right, power or discretion exercisable by it in connection herewith.

SECTION 14. SECURITY INTEREST ABSOLUTE.

The rights of the Security Agent hereunder, the security created hereby and the obligations of the Borrower hereunder are irrevocable, absolute and unconditional, irrespective of:

- (a) the validity or enforceability of the Secured Liabilities or of any Pledged Agreement, Loan Document, Material Contracts and Licenses or any other agreement or instrument relating thereto;
- (b) any amendment to, waiver of, consent to or departure from, or failure to exercise any right, remedy, power or privileges under or in respect of any Pledged Agreement, Loan Document, Material Contracts and Licenses or any other agreement or instrument relating thereto;
- (c) the acceleration of the maturity of any of the Secured Liabilities or any other modification of the time of payment thereof or the failure to perfect any other security granted to, or in favour of, the Security Agent or any other Secured Party;
- (d) any substitution, release or exchange of any other security for or guarantee of any of the Secured Liabilities or the failure to create, preserve, perfect or protect any other security granted or purported to be granted to, or in favour of, the Security Agent or any other Secured Party; or
- (e) the occurrence of any other event or circumstances of a similar or different nature that might otherwise constitute a defence available to the Borrower as a surety or a guarantor.

SECTION 15. THE SECURITY AGENT.

Each party to this Declaration of Pledge agrees that the Security Agent's interests and rights under and in respect of this Declaration of Pledge shall be held by the Security Agent as agent and trustee for itself and the other Secured Parties from time to time on the terms set out in the Facilities Agreement. Accordingly, unless the context otherwise requires, all references in this Declaration of Pledge to the Security Agent means the Security Agent in its capacity as agent and trustee and each party to this Declaration of Pledge also agrees that each Secured Party from time to time shall have the benefit of this Declaration of Pledge.

SECTION 16. CHANGES TO THE PARTIES

(a) The Security Agent may assign and transfer all of its respective rights and obligations hereunder to a replacement Security Agent appointed in accordance with the terms of the Facilities Agreement. Upon such assignment and transfer taking effect, the replacement Security Agent shall be and be deemed to be acting as agent and trustee for each of the Finance Parties (as well as for itself) for the purposes of this Declaration of Pledge in place of the old Security Agent.

The Borrower shall promptly take such action as may be necessary in order that this Declaration of Pledge or replacements therefore shall provide for effective and perfected security in favour of any successor or replacement of the Security Agent permitted or duly appointed in accordance with the Facilities Agreement.

(b) The Borrower undertakes that it shall not at any time assign, transfer, novate or dispose of any of its rights, interests or obligations in respect of this Declaration of Pledge to any person (or agree to do any of the foregoing).

SECTION 17. DISPOSALS.

The Borrower may, to the extent it is permitted to do so under the terms of the other Finance Documents, sell, transfer or otherwise dispose of the Pledged Assets.

SECTION 18. FEES AND EXPENSES.

The Borrower shall pay all filing, registration and recording fees or re-filing, re-registration and re-recording, and all expenses incidental to the execution of this Declaration of Pledge, any agreement supplemental thereto including (for the avoidance of doubt) any Supplemental Schedule or any other instrument or document updating this Declaration of Pledge and any instrument of further assurance in connection herewith, and all stamp taxes and other taxes, duties, imposts, assessments and charges (if any) arising out of or in connection with the execution and delivery of this Declaration of Pledge or any agreement supplemental hereto and any instruments of further assurance.

SECTION 19. RELEASE.

The security created by this Declaration of Pledge shall be released and all documents held by the Security Agent by way of security, including documents of title, shall be returned to the Borrower upon the expiry of the Security Period (as defined above), at the request and expense of the Borrower.

SECTION 20. SEVERABILITY.

Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and without affecting the validity or enforceability of any provision in any other jurisdiction.

SECTION 21. GOVERNING LAW; SUBMISSION TO JURISDICTION.

This Declaration of Pledge shall be governed by and construed in accordance with Icelandic Law. Each party hereto hereby submits to the non-exclusive jurisdiction of the Reykjavik District Court.

In confirmation of all the above, this document is signed in two copies in the presence of two witnesses.

Reykjavík, 5th August, 2005

On behalf of Össur hf.

Tórkjartur Pálsson

On behalf of Kaupthing Bank hf.
as Security Agent.

Ragnheiður Ólafsdóttir

Witnesses:

Guðmundur Guðmundsson
170767-4449

5/8 05
Ragnheiður Ólafsdóttir
NOTARIUS PUBLICUS
REYKJAVÍK

SCHEDULE A

to a Declaration of Pledge dated 5th August, 2005, entered into between Össur hf. and Kaupthing Bank hf. as Security Agent.

Agreements, contracts and documents Pledged:

Insurance Policies:

[Please note that the list below is subject to further amendments by the Borrower]

No. of certificate (nr. váttr.skírteinis)	Name of Insurer
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Global Insurances for the Consolidation

Policy Type: Directors and Officers Liability
Policy Number: 81938946
Name of Insurer: Chubb Insurance Compnay of Europe S.A.

Policy Type: Employment Practice Liability
Policy Number: 81938947
Name of Insurer: Chubb Insurance Compnay of Europe S.A.

Policy Type: Crime Insurance
Policy Number: 81938948
Name of Insurer: Chubb Insurance Compnay of Europe S.A.

Policy Type: Fiduciary Liability
Policy Number: 81938949
Name of Insurer: Chubb Insurance Compnay of Europe S.A.

Policy type: Public Liability and Products Liability
Policy Number: CW00301505
Name of Insurer: Inter Hannover

Policy type: General Liability, Products and Professional Liability
Policy Number: 70208088
Name of Insurer: Chubb Insurance Company Europe S.A.

USA

Policy Type: General Liability/Professional Liability
Policy Number: 6801-2238
Name of Insurer: Chubb/Executive Risk Indemnity Inc.

Policy Type: Auto
Policy Number: 74988250
Name of Insurer: Chubb/Federal Insurance Company

Policy Type: Property

Handwritten initials and a star symbol.

Policy Number: 35830840
Name of Insurer: Chubb/Federal Insurance Company

Policy Type: ERISA SAA
Policy Number: 103118735
Name of Insurer: Travelers Casualty and Surety Company of Illinois

Policy Type: Product Liability - Mauch
Policy Number: ADT1066907914-7
Name of Insurer: Columbia Casualty

Policy Type: Workers Compensation
Policy Number: CA10000191041
Name of Insurer: Everest National Insurance Company

Europe

Policy type: Property Insurance (Building, goods, furniture etc.)
Policy Number: 701981382
Name of Insurer: AEGON

Iceland

Policy type: Business Interuption
Policy Number: A-002-38-0027810
Name of Insurer: Sjóvá-Almennar tryggingar hf.

Policy type: Property Insurance
Policy Number: A-002-11-0108058/0110615/0108060/0108059
Name of Insurer: Sjóvá-Almennar tryggingar hf.

Policy type: Computers
Policy Number: 234571
Name of Insurer: Sjóvá-Almennar tryggingar hf.

Policy type: Employment Practice, CPA Hjorleifur Palsson
Policy Number: 512208
Name of Insurer: Sjóvá-Almennar tryggingar hf.

Policy type: Cars
Policy Number: 237635/220874220601/220367/213124/215828/224235/224311/224392/240755
Name of Insurer: Sjóvá-Almennar tryggingar hf.

[License Agreement:]

Reykjavík, 5. August, 2005.

On behalf of Össur ehf.

Hjörtur Pálsson

On behalf Kaupthing Banks hf.
as Security Agent

Witnesses:

Guðmundur Þorvaldursson *hnl*
1726 467 - 4119

As
B

SCHEDULE B

to a Declaration of Pledge dated 5th August, 2005, entered into between Össur hf. and Kaupthing Bank hf. as Security Agent.

Rental Agreements Pledged:

Ossur North America, Inc.

Rental agreements

Type of property	Location	Lessor	Size (Sq Ft)	Type of operation
Building	27 Journey, Aliso Viejo, CA 92656	Sunflower Windell	15,000	Manufacturing, Distribution, and Administration
Building	910 Burnstein Dr, Albion, MI 49224	Economic Development Corp	20,000	Manufacturing
Building	11818 N. Creek Pkwy N., Bothell, WA 98011	Schnitzer North Creek BC	29,000	Manufacturing and Distribution
Office Equipment	27412 Aliso Viejo Pkwy, Aliso Viejo, CA 92656	Key Equipment Finance/PFE International	N/A	Minimailer 4 Plus (Mail folder and inserter)
Office Equipment	11818 N. Creek Pkwy N., Bothell, WA 98011	Ikon Financial Services	N/A	Copy Machine

Capital Lease

Software	11818 N. Creek Pkwy N., Bothell, WA 98011	Irwin Business Finance	N/A	Made 2 Manage - ERP System
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Össur hf.

Handwritten initials/signature

Rental agreements

Type of property	Location	Lessor	Size (Sq m)	Type of operation
Building	Grjothals 1, 110 Reykjavik, Icel.	Eignarhaldsfélagið Grjót ehf.	2.352,83	Manufacturing & Warehouse
Building	Grjothals 5, 110 Reykjavik, Icel.	Eykt hf.	4.606,91	Manufacturing, Assembly, Packing, R& D and offices
Building	Fosshals 1, 110 Reykjavik, Icel.	Smurstöðin Fosshálsi 1		Warehouse
Building	Fosshals 13, 110 Reykjavik, Icel.	Lýsing hf.	Space 01-101	Manufacturing
Building	Fosshals 3, 110 Reykjavik, Icel.	Snæás ehf.	721,8	Warehouse
Building	Fosshals 5, 110 Reykjavik, Icel.	Smurstöðin Fosshálsi 1	357,4	Warehouse, Storage
Building	Suðurlandsbraut 34, 108 Reykjavik, Icel.	Rekstrarfélagið Suðurl.braut 34	1138,9	Prosthetic Workshop, Warehouse, Facilities for Customers

Össur Europe B.V.

Rental agreements

Type of property	Location	Lessor	Size (Sq m)	Type of operation
Building	Ekkersrijt 4112-4114	DTZ Zaderhoff	1900m2	Office, small warehouse, small production
Building	Pulheim-Germany	Dr. Heinz Peter Hoffmann		Office

Reykjavík, August, 2005.

On behalf of Össur hf.

Hilf til Pulheim

Witnesses:

On behalf of Kaupthing Bank hf.
as Security Agent

Handwritten initials

SCHEDULE C

to a Declaration of Pledge dated 5th August, 2005, entered into between Össur hf. and
Kaupthing Bank hf. as Security Agent.

1. Copyrights, trademarks, patents and patent applications, all trade and/or
service marks and such applications:

A. Trade Marks of Össur hf.

ARC	U.S.		76/166,126	ÖSSUR HF.	REGISTERED
ARC	ICELAND	1740/2000	1056/2000	ÖSSUR HF.	REGISTERED
ARC	IP	ISMP0066	752518	ÖSSUR HF.	REGISTERED
ARC	BENELUX		752518	ÖSSUR HF.	REGISTERED
ARC	GERMANY		752518	ÖSSUR HF.	REGISTERED
ARC	SPAIN		752518	ÖSSUR HF.	REGISTERED
ARC	FRANCE		752518	ÖSSUR HF.	REGISTERED
ARC	GREAT BRITAIN		752518	ÖSSUR HF.	REGISTERED
ARC	SWEDEN		752518	ÖSSUR HF.	REGISTERED
CARBONX	EC	2054898	2054898	ÖSSUR HF.	REGISTERED
CARBONX	U.S.	76/195156	2,644,099	ÖSSUR HF.	REGISTERED
FLEX-SKIN	U.S.	78/412,450		ÖSSUR HF.	PENDING
FLEX-SKIN	EUROPE	3819018		ÖSSUR HF.	PENDING
GENTLEHEAL	ISRAEL		167994	ÖSSUR HF	REGISTERED
GENTLEHEAL	ICELAND	2344/2003	961/2004	ÖSSUR HF	REGISTERED
GENTLEHEAL	CANADA	1196035		ÖSSUR HF	PENDING
GENTLEHEAL	NEW ZEALAND	704598	704598	ÖSSUR HF	REGISTERED
GENTLEHEAL	IP	704598	830119	ÖSSUR HF	REGISTERED
GENTLEHEAL	AUSTRALIA	704598		ÖSSUR HF	PENDING
GENTLEHEAL	JAPAN	704598		ÖSSUR HF	PENDING
GENTLEHEAL	U.S.	704598		ÖSSUR HF	PENDING
GENTLEHEAL	CTM	3469161		ÖSSUR HF	REGISTERED
ICECAST	DENMARK	6537/1992	VR00154/193	ÖSSUR HF	REGISTERED
ICECAST	U.S.	75/211,836	2,176,202	ÖSSUR HF	REGISTERED
ICECAST	U.S.		1,781,269	ÖSSUR HF	REGISTERED
ICECAST	JAPAN		3181235	ÖSSUR HF	REGISTERED
ICEFLEX	ICELAND	394/1999	382/1999	ÖSSUR HF	REGISTERED
ICEFLEX	JAPAN	11-73312	4374421	ÖSSUR HF	REGISTERED
ICEFLEX	U.S.	75/772,732	2,699,087	ÖSSUR HF	REGISTERED
ICEFLEX	IP		719237	ÖSSUR HF	REGISTERED
ICEFLEX	GREAT BRITAIN		719237	ÖSSUR HF	REGISTERED
ICEFLEX	GERMANY		719237	ÖSSUR HF	REGISTERED
ICEFLEX	BENELUX		719237	ÖSSUR HF	REGISTERED
ICEFLEX	CHINA		719237	ÖSSUR HF	REGISTERED
ICEFLEX	SPAIN		719237	ÖSSUR HF	REGISTERED
ICEFLEX	FRANCE		719237	ÖSSUR HF	REGISTERED
ICELOCK	ICELAND	1741/2000	855/2000	ÖSSUR HF	REGISTERED
ICELOCK	U.S.	76/166,198	2,793,547	ÖSSUR HF	REGISTERED
ICELOCK	IP	ISMP0065	752 788	ÖSSUR HF	REGISTERED
ICELOCK	GREAT BRITAIN		752 788	ÖSSUR HF	REGISTERED
ICELOCK	JAPAN			ÖSSUR HF	PENDING
ICEROSS	ICELAND	120/1992	640/1992	ÖSSUR HF	REGISTERED
ICEROSS	DENMARK	5425/1992	01,457/1995	ÖSSUR HF	REGISTERED
ICEROSS	JAPAN		3181234	ÖSSUR HF	REGISTERED
ICEROSS	U.S.		1,788,028	ÖSSUR HF	REGISTERED
ICEROSS	IP	ISMP0010	701007	ÖSSUR HF	REGISTERED

ICEROSS	GREAT BRITAIN	ISMP0011	701007	ÖSSUR HF	REGISTERED
ICEROSS	SPAIN		701007	ÖSSUR HF	REGISTERED
ICEROSS COMFORT	ICELAND	463/1998	645/1998	ÖSSUR HF	REGISTERED
ICEROSS COMFORT	U.S.	75/547,678	2,380,452	ÖSSUR HF	REGISTERED
ICEROSS COMFORT	IP	ISMP0009	698 037	ÖSSUR HF	REGISTERED
ICEROSS COMFORT	JAPAN	10-75162	4325487	ÖSSUR HF	REGISTERED
ICEX	ICELAND	1526/96	471/1997	ÖSSUR HF	REGISTERED
ICEX	U.S.	75/211,840	2,176,203	ÖSSUR HF	REGISTERED
ICEX	EC	560,54	560540	ÖSSUR HF	REGISTERED
MASTERSTEP	JAPAN		3101957	ÖSSUR HF	REGISTERED
RHEO KNEE	U.S.	78/355,206		ÖSSUR HF	PENDING
RHEO KNEE	CTM			ÖSSUR HF	PENDING
SEAL-IN	U.S	78/490,275		ÖSSUR HF	PENDING
SEAL-IN	CTM			ÖSSUR HF	PENDING
SENSIL	IP		681,773	ÖSSUR HF	REGISTERED
SENSIL	GERMANY		681,773	ÖSSUR HF	REGISTERED
SENSIL	DENMARK		681,773	ÖSSUR HF	REGISTERED
SENSIL	SPAIN		681,773	ÖSSUR HF	REGISTERED
SENSIL	GREAT BRITAIN		681,773	ÖSSUR HF	REGISTERED
SENSIL	SWEDEN		681,773	ÖSSUR HF	REGISTERED
SENSIL	U.S	75/366,908	2,322,820	ÖSSUR HF	REGISTERED
SENSIL	JAPAN	9-164709	4297973	ÖSSUR HF	REGISTERED
SENSIL	ICELAND	443/97	979/97	ÖSSUR HF	REGISTERED
SILKEN	ICELAND	713/2000	457/2000	ÖSSUR HF	REGISTERED
SILKEN	IP	ISMP0058	747794	ÖSSUR HF	REGISTERED
SILKEN	BENELUX	ISMP0058	747794	ÖSSUR HF	REGISTERED
SILKEN	GERMANY	ISMP0058	747794	ÖSSUR HF	REGISTERED
SILKEN	FRANCE	ISMP0058	747794	ÖSSUR HF	REGISTERED
SILKEN	JAPAN	ISMP0058	747794	ÖSSUR HF	REGISTERED
SILKEN	SWEDEN			ÖSSUR HF	REGISTERED
SILKEN	U.S	76/114,400	2,603,716	ÖSSUR HF	REGISTERED
STABILO	U.S	78/141,540	2,916,681	ÖSSUR HF	REGISTERED
STABILO	EC	2844355	2844355	ÖSSUR HF	REGISTERED
TOTAL KNEE	CTM	2103182	2103182	ÖSSUR HF	REGISTERED
UPPERX	ICELAND	393/2000	350/2000	ÖSSUR HF	REGISTERED
ÖSSUR & Design	U.S.	76/186,688	2,774,457	ÖSSUR HF	REGISTERED
ÖSSUR & Design	ICELAND	1525/96	470/1997	ÖSSUR HF	REGISTERED
ÖSSUR	ICELAND	122/1992	641/1992	ÖSSUR HF	REGISTERED
ÖSSUR	U.S	76/186,887	2,774,456	ÖSSUR HF	REGISTERED
ÖSSUR	ICELAND	1524/1996	469/1997	ÖSSUR HF	REGISTERED
ÖSSUR	IP	MP-0051	740 295	ÖSSUR HF	REGISTERED
ÖSSUR	BENELUX	MP-0051	741 295	ÖSSUR HF	REGISTERED
ÖSSUR	GERMANY	MP-0051	742 295	ÖSSUR HF	REGISTERED
ÖSSUR	DENMARK	MP-0051	743 295	ÖSSUR HF	REGISTERED
ÖSSUR	FRANCE	MP-0051	744 295	ÖSSUR HF	REGISTERED
ÖSSUR	GREAT BRITAIN	MP-0051	745 295	ÖSSUR HF	REGISTERED
ÖSSUR	JAPAN	MP-0051	746 295	ÖSSUR HF	REGISTERED
ÖSSUR	SWEDEN	MP-0051	747 295	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	U.S	76/114,406	2,597,059	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	ICELAND	714/2000	485/2000	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	IP	ISMP0059	748029	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	BENELUX	ISMP0059	748029	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	CHINA	ISMP0059	748029	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	GERMANY	ISMP0059	748029	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	SPAIN	ISMP0059	748029	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	FRANCE	ISMP0059	748029	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	GREAT BRITAIN	ISMP0059	748029	ÖSSUR HF	REGISTERED
ÖSSUR SILKEN	JAPAN	ISMP0059	748029	ÖSSUR HF	REGISTERED

ÖSSUR SILKEN	SWEDEN	ISMP0059	748029	ÖSSUR HF.	REGISTERED
ÖSSUR SILKEN	U.S	78/114,406	2,597,059	ÖSSUR HF.	REGISTERED
ÖSSUR SMART	U.S	78/419,681		ÖSSUR HF	PENDING
ÖSSUR SMART	CTM		2759199	ÖSSUR HF	REGISTERED
ÖSSUR SMART	NORWAY	2002 05670		ÖSSUR HF	PENDING
VARI	IP		717941	ÖSSUR HF	REGISTERED
VARI	BENELUX		717941	ÖSSUR HF	REGISTERED
VARI	CHINA		717941	ÖSSUR HF	REGISTERED
VARI	FRANCE		717941	ÖSSUR HF	REGISTERED
VARI	GERMANY		717941	ÖSSUR HF	REGISTERED
VARI	SPAIN		717941	ÖSSUR HF	REGISTERED
VARILOCK	ICELAND	155/1999	289/1999	ÖSSUR HF	REGISTERED
VARILOCK	IP		716818	ÖSSUR HF	REGISTERED
VARILOCK	BENELUX		716818	ÖSSUR HF	REGISTERED
VARILOCK	CHINA		716818	ÖSSUR HF	REGISTERED
VARILOCK	FRANCE		716818	ÖSSUR HF	REGISTERED
VARILOCK	GERMANY		716818	ÖSSUR HF	REGISTERED
VARILOCK	SPAIN		716818	ÖSSUR HF	REGISTERED
VARILOCK	SWEDEN		716818	ÖSSUR HF	REGISTERED

B. Patent rights

TITLE	Country	SERIAL NO.	PATENT NO.
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	Australia	10738/97	727558
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	Australia	51492/98	735159
ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	Australia	40003/00	758948
APPARATUS AND PROCESS FOR MAKING PROSTHETIC SUCTION SLEEVE	Australia	2001247221	
COMPOSITE ELASTIC MATERIAL	Australia	2001249066	
DUAL DUROMETER SILICONE LINER FOR PROSTHESIS	Canada	2,288,935	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	Canada	2,237,880	
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	Canada	2,270,366	
ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	Canada	2362622	
COMPOSITE ELASTIC MATERIAL	Canada	2403251	
APPARATUS AND PROCESS FOR MAKING PROSTHETIC SUCTION SLEEVE	Canada	2402715	
PROSTHETIC SOCKET AND SOCKET COMPONENT ASSEMBLY	Canada	2424407	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	Chile	1,991/96	
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	Chile	2338/97	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	China	96199533.5	ZL96199533.5
ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	China	00804467.8	ZL 00804467.8
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	China	200310123378.2	
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	China	97181155.5	
COMPOSITE ELASTIC MATERIAL	China	01806348.9	
APPARATUS AND PROCESS FOR MAKING PROSTHETIC SUCTION SLEEVE	China	01809540.2	
PROSTHETIC SOCKET AND SOCKET COMPONENT ASSEMBLY	China	01816848.5	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	Croatia	P960541A	P960541
ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	EP	00919292.3	EP 1 204 390

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DUAL DUROMETER SILICONE LINER FOR PROSTHESIS	EP	98920943.2	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	EP	96940760.0	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	EP	03 028 701.5	
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	EP	97946291.8	
COMPOSITE ELASTIC MATERIAL	EP	01922243.9	
APPARATUS AND PROCESS FOR MAKING PROSTHETIC SUCTION SLEEVE	EP	01920135.9	
PROSTHETIC SOCKET AND SOCKET COMPONENT ASSEMBLY	EP	01979232.4	
ARTIFICIAL LIMB SOCKET CONTAINING VOLUME CONTROL PAD	EP	01977086.6	1322267
ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	France	00919292.3	EP 1 204 390
ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	Germany	00919292.3	600 12 937.3-08
COMPOSITE ELASTIC MATERIAL	Iceland	6544	
APPARATUS AND PROCESS FOR MAKING PROSTHETIC SUCTION SLEEVE	Iceland	6545	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	India	2014/MAS/96	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	Israel	124464	124464
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	Israel	129672	
DUAL DUROMETER SILICONE LINER FOR PROSTHESIS	Japan	548297/98	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	Japan	518916/97	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	Japan	2003-385333	
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	Japan	520583/98	
ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	Japan	2000-602009	
COMPOSITE ELASTIC MATERIAL	Japan	2001-566455	
APPARATUS AND PROCESS FOR MAKING PROSTHETIC SUCTION SLEEVE	Japan	2001-566324	
PROSTHETIC SOCKET AND SOCKET COMPONENT ASSEMBLY	Japan	2002-531953	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	Mexico	983830	210907
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	Mexico	994100	215112
ARTIFICIAL LIMB SOCKET CONTAINING VOLUME CONTROL PAD	PCT	PCT/US03/12120	
RIGID DRESSING	PCT	PCT/US03/29121	
CASTING PRODUCT AND METHOD FOR FORMING THE SAME	PCT	PCT/US03/29120	
METHOD AND KIT FOR PREPARING LAST FOR FOOTWEAR	PCT	PCT/US04/02205	
SUSPENSION LINER SLEEVE WITH SEAL	PCT	PCT/US03/37091	
ORTHOTIC FOOTPLATE AND ANKLE-FOOT ORTHOSIS USING THE ORTHOTIC FOOTPLATE	PCT	PCT/US04/25598	
WOUND DRESSING	PCT	PCT/US03/37075	
WOUND DRESSING	PCT	PCT/US03/37073	
WOUND DRESSING	PCT	PCT/US03/37074	
WOUND DRESSING	PCT	PCT/US04/25594	
PROSTHESIS SOCKET DIRECT CASTING DEVICE HAVING MULTIPLE COMPRESSION CHAMBERS	PCT	PCT/US03/29116	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	Russia	98111488	2192208
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	Russia	99111319	2155562
COMPOSITE ELASTIC MATERIAL	Russia	2002127410	
APPARATUS AND PROCESS FOR MAKING PROSTHETIC SUCTION SLEEVE	Russia	2002127600	
PROCESS AND APPARATUS FOR MAKING A PROSTHETIC SOCKET	S. Korea	98-703607	445086
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	S. Korea	1999-7003773	
COMPOSITE ELASTIC MATERIAL	S. Korea	2002-7012041	
APPARATUS AND PROCESS FOR MAKING PROSTHETIC SUCTION SLEEVE	S. Korea	2002-7012040	
PROSTHETIC SOCKET AND SOCKET COMPONENT ASSEMBLY	S. Korea	2003-7004761	
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	Singapore	9901986.1	65258
PROSTHETIC FOOT	Sweden	8902628-0	469 817
SLEEVE-SHAPED ARTICLE, PARTICULARLY FOR AMPUTATION STUMPS	Sweden	8602855	8602855

ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	Sweden	00919292.3	EP 1 204 390
ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	UK	00919292.3	EP 1 204 390
PROSTHETIC FOOT	USA	07/812,852	5,139,525
SLEEVE-SHAPED ARTICLE, PARTICULARLY FOR AMPUTATION STUMPS	USA	294,062	4,923,474
DUAL DUROMETER SILICONE LINER FOR PROSTHESIS	USA	09/071,598	6,136,039
APPARATUS FOR MAKING A PROSTHETIC SOCKET	USA	08/559,311	5,718,925
DEVICE FOR MAKING PROSTHETIC RESIDUAL LIMB SOCKET	USA	09/025,447	5,971,729
PROCESS AND APPARATUS FOR MAKING PROSTHESIS SOCKET AND PROSTHESIS SOCKET MADE THEREBY	USA	09/025,446	5,972,036
METHOD FOR MAKING RESIDUAL LIMB SOCKET	USA	09/399,756	6,416,703
APPARATUS AND PROCESS FOR FORMING PROSTHESIS SOCKET	USA	08/958,665	5,885,509
ORTHOTIC OR PROSTHETIC SLEEVE FORMED OF ELASTICIZED FABRIC	USA	09/516,221	6,592,539
COMPOSITE ELASTIC MATERIAL	USA	09/805,125	6,706,364
APPARATUS AND PROCESS FOR MAKING PROSTHETIC SUCTION SLEEVE	USA	09/805,126	6,485,776
PRE-FORM FOR MAKING PROSTHETIC SUSPENSION SLEEVE	USA	10/279,820	6,626,952
PROSTHETIC SOCKET AND SOCKET COMPONENT ASSEMBLY	USA	09/969,594	6,589,289
ANKLE-FOOT ORTHOSIS DESIGN PATENT	USA	29/203,978	D503,480
PROSTHETIC LINER	USA	10/751,902	
TUBULAR MEMBER WITH CONTINUOUS RESIN LAYER	USA	10/279,855	
PROCESS FOR MAKING PROSTHETIC SUSPENSION SLEEVE	USA	10/279,814	
ARTIFICIAL LIMB SOCKET CONTAINING VOLUME CONTROL PAD	USA	09/989,575	
ARTIFICIAL LIMB SOCKET CONTAINING VOLUME CONTROL PAD	USA	10/137,332	
EDUCATIONAL PROSTHESIS DEVICE AND METHOD FOR USING THE SAME	USA	10/219,286	
PROSTHESIS SOCKET DIRECT CASTING DEVICE HAVING MULTIPLE COMPRESSION CHAMBERS	USA	10/679,487	
RIGID DRESSING	USA	10/681,134	
CASTING PRODUCT AND METHOD FOR FORMING THE SAME	USA	10/681,224	
METHOD AND KIT FOR PREPARING LAST FOR FOOTWEAR	USA	10/772,382	
ANKLE FOOT ORTHOSIS	USA	10/702,447	
SUSPENSION LINER SLEEVE WITH SEAL	USA	10/690,545	
SUSPENSION LINER WITH SEAL	USA	11/135,354	
ORTHOTIC FOOTPLATE	USA	10/927,113	
ANKLE-FOOT ORTHOSIS HAVING AN ORTHOTIC FOOTPLATE	USA	10/927,135	
WOUND DRESSING	USA	10/725,633	
WOUND DRESSING	USA	10/725,575	
WOUND DRESSING	USA	10/725,478	
WOUND DRESSING	USA	10/725,561	
WOUND DRESSING	USA	10/725,560	
WOUND DRESSING	USA	10/725,632	
METHOD FOR PRODUCING A WOUND DRESSING	USA	10/725,602	
METHOD FOR PRODUCING A WOUND DRESSING	USA	10/725,591	
METHOD FOR PRODUCING A WOUND DRESSING	USA	10/725,482	
METHOD FOR PRODUCING A WOUND DRESSING	USA	10/725,631	
WOUND DRESSING	USA	10/725,574	
WOUND DRESSING	USA	10/725,601	
WOUND DRESSING HAVING A FACING SURFACE WITH VARIABLE TACKINESS	USA	10/725,479	

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WOUND DRESSING AND METHOD FOR MANUFACTURING THE SAME	USA	10/924,861	
WOUND DRESSING	USA	60/552,444	
WOUND DRESSING	USA	11/136,465	
WOUND DRESSING AND METHOD FOR MANUFACTURING THE SAME	USA	60/647,398	
SUSPENSION LINER SLEEVE WITH SEAL	USA	60/434,669	
ANKLE-FOOT ORTHOSIS	PCT	PCT/US03/32744	
ANKLE-FOOT ORTHOSIS	USA		
FOOT PROSTHESIS	Austria		1194089
SOCKET LINER INCORPORATING SENSORS TO MONITOR AMPUTEE PROGRESS	Canada	2488733	
SEALING ARRANGEMENT WITH LIPS FOR PROSTHETIC SOCKETS	Canada	2459042	
PROSTHETIC SOCKET WITH SEAL	Canada	2459058	
SOCKET LINER INCORPORATING SENSORS TO MONITOR AMPUTEE PROGRESS	China	03812071.2	
SEALING ARRANGEMENT WITH LIPS FOR PROSTHETIC SOCKETS	EP	02764553.0	
SOCKET LINER INCORPORATING SENSORS TO MONITOR AMPUTEE PROGRESS	EP	03763493.3	
FOOT PROSTHESIS	EPO		1194089
PROSTHETIC SOCKET WITH SEAL	EPO	02767119.7	
PROSTHETIC SOCKET WITH SEAL AT ITS DISTAL END	EPO	02767119.7	
FOOT PROSTHESIS	France		1194089
SEALING ARRANGEMENT WITH LIPS FOR PROSTHETIC SOCKETS	Germany	101 42 491.4	10142491
PROSTHETIC SOCKET WITH SEAL AT ITS DISTAL END	Germany	10153796.4	101 53 796
FOOT PROSTHESIS	Germany		1194089
SEALING ARRANGEMENT WITH LIPS FOR PROSTHETIC SOCKETS	Japan	2003-528267	
PROSTHETIC SOCKET WITH SEAL	Japan	2003-528270	
SOCKET LINER INCORPORATING SENSORS TO MONITOR AMPUTEE PROGRESS	Japan	2004-520156	
FOOT PROSTHESIS	Netherlands		1194089
PROSTHETIC LOCKING ASSEMBLY	PCT		
SEALING ARRANGEMENT WITH LIPS FOR PROSTHETIC SOCKETS	PCT	PCT/DE02/03084	
PROSTHETIC SOCKET WITH SEAL	PCT	PCT/DE02/03085	
PROSTHETIC SOCKET WITH SEAL AT ITS DISTAL END	PCT	PCT/DE02/04059	
METHOD FOR APPLYING VACUUM TO A PROSTHETIC DEVICE	PCT	PCT/US04/16626	
METHOD AND SYSTEM FOR DETERMINING AN ACTIVITY LEVEL IN AN INDIVIDUAL	PCT	PCT/US04/35524	
PROSTHETIC OR ORTHOTIC SLEEVE HAVING EXTERNAL SURFACE PERIPHERAL PROFILES	PCT	*	
KNEE PROSTHESIS	PCT	PCT/SE2004/001	
SOCKET LINER INCORPORATING SENSORS TO MONITOR AMPUTEE PROGRESS	S. Korea	475 10-2005-7000212	
FOOT PROSTHESIS	Sweden		1194089
KNEE PROSTHESIS	Sweden	0302737-2	
ACTIVE KNEE PROSTHESIS	Sweden	*	
PARALEL SHOCK ABSORBER	Sweden	*	
FOOT PROSTHESIS	UK		1194089
PROSTHESIS LINER	USA	29/206,269	D503,892S
FOOT PROSTHESIS	USA	10/030,589	6,596,029
SOCKET LINER INCORPORATING SENSORS TO MONITOR AMPUTEE PROGRESS	USA	10/615,336	
SOCKET LINER INCORPORATING SENSORS TO MONITOR AMPUTEE PROGRESS	USA	11/036,619	
PROSTHETIC LOCKING ASSEMBLY	USA	10/835,056	
SEALING ARRANGEMENT WITH LIPS FOR PROSTHETIC SOCKETS	USA	10/487,926	
PROSTHETIC SOCKET WITH SEAL	USA	10/487,928	

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PROSTHETIC SOCKET WITH SEAL AT ITS DISTAL END	USA	10/487,925
METHOD FOR APPLYING VACUUM TO A PROSTHETIC DEVICE	USA	10/869,915
METHOD AND SYSTEM FOR DETERMINING AN ACTIVITY LEVEL IN AN INDIVIDUAL	USA	10/986,303
SUSPENSION LINER HAVING EXTERNAL SURFACE PERIPHERAL PROFILES	USA	11/135,330
SLEEVE	USA	29/230,531
PROSTHETIC OR ORTHOTIC SLEEVE HAVING EXTERNAL SURFACE PERIPHERAL PROFILES	USA	11/135,318
KNEE BRACE AND METHOD FOR SECURING THE SAME	USA	60/637,754
KNEE BRACE AND METHOD FOR SECURING THE SAME	USA	60/684,163
FOOT PROSTHESIS	USA	*
ROTATIONAL MOLDING OF COSMETIC PROSTHETES	USA	60/572,086
KNEE BRACE HAVING A POSTERIOR HINGE	USA	*

Reykjavik August, 2005.

On behalf of Össur ehf.

Hjörtur Pálsson

On behalf of Kaupthing Bank hf.
as Security Agent

Witnesses:

AD

SCHEDULE D

to a Declaration of Pledge dated August 2005, entered into between Össur hf. and
Kaupthing Bank hf. as Security Agent.

All Stocks, shares (other than the Borrower's own shares), debentures, bonds or other
securities and investments:

Eignarhaldsfélag hlutafélaga ehf.
Sjóður 1, VÍB

549,000 share (nominal value 1 ISK)
1.298,8004 units

Reykjavík, August, 2005.

On behalf of Össur ehf.

On behalf of Kaupthing Bank hf.
as Security Agent

Witnesses:

SCHEDULE E

to a Declaration of Pledge issued by Össur hf on 5th August, 2005

Form of notice of assignment in respect of the documents listed in Schedule A .

To: []

From: Össur hf. (the "Borrower") and
Kaupthing Bank hf., (the "Security Agent")

[Date]

Dear Sirs,

Notice of Pledge.

We, the Borrower, and Kaupthing Bank hf., acting as Security Agent, hereby give you a notice that pursuant to a Declaration of Pledge dated 5th August, 2005 and made between the Borrower and the Security Agent acting as agent and trustee for itself and the Finance Parties (such declaration of pledge, as it may from time to time be amended, assigned, novated, supplemented or replaced, being below called the "Declaration of Pledge"), the Borrower has pledged by way of first ranking security to the Security Agent (which shall include its successors, transferees and assignees) all its rights, title, benefits and interests (present and future, actual or contingent) under or in respect of the [identify Agreement]).

Words and expressions defined in the Declaration of Pledge shall have the same meaning when used in this letter.

A copy of the Declaration of Pledge is enclosed for your attention and we request that you take note of its provisions.

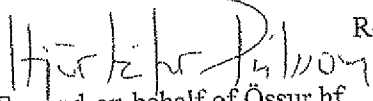
Please note the following:

- (a) The Borrower shall at all times remain solely liable to you for the performance of all of the obligations assumed by it under or in respect of the [identify Agreement].
- (b) The Security Agent has agreed that the Borrower may exercise all of its rights and privileges under the [Identify Agreement] for so long as no Event of Default shall have occurred and be continuing. Upon and at any time after the Security Agent gives you notice of an Event of Default, the Security Agent shall be entitled to exercise and give directions regarding the exercise of all or any of those rights and privileges (to the exclusion of the Borrower and to the exclusion of any directions given at any time by or on behalf of the Borrower) to the extent specified in the notice of an Event of Default.

- (c) The Borrower confirms that none of the instructions, authorisations and confirmations in this notice can be revoked or varied in any way except with the Security Agent's specific prior written consent.

Please acknowledge receipt of this notice, and confirm your agreement to it, by executing and returning to the Security Agent an original copy of the Form of Acknowledgement attached to this notice of assignment.

This notice is governed by Icelandic law.


For and on behalf of Össur hf.
Bank hf., as Security Agent

Reykjavík, August 2005

For and on behalf of Kaupthing



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SCHEDULE F

to a Declaration of Pledge issued by Össur hf., on 5th August, 2005

Form of Acknowledgement of [relevant party] to the Security Agent in respect of the Agreements listed in Schedules A

To: Kaupthing Bank
Borgartúni 19
105 Reykjavík,
Iceland.

Dear Sirs,

We confirm receipt from Össur hf and Kaupthing Bank of a notice dated [] of a pledge granted to Kaupthing Bank as Security Agent upon the terms of a Declaration of Pledge dated August, 2005 over all of Össur's hf. rights, title, benefits and interests in and to [insert details of Relevant Agreement] (the "Agreement").

We confirm that:

- (i) we have noted the pledge granted to Kaupthing Bank as Security Agent and will act in accordance with the terms of that notice;
- (ii) we have not received notice of any other assignment of the Agreement and we are not aware of any interest of any third party in or to the Agreement.

This letter shall be governed by and construed in accordance with Icelandic law.

Yours faithfully,

on behalf of
[relevant party]

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SCHEDULE G

to a Declaration of Pledge issued by Össur hf. on 5th August, 2005

Form of notice of assignment in respect of the rental agreements listed in Schedules B.

To: []

From: Össur hf. (the "Borrower") and
Kaupthing Bank hf., (the "Security Agent")

[Date]

Dear Sirs,

Notice of Pledge.

We, the Borrower, and Kaupthing Bank hf. acting as Security Agent hereby give you a notice that pursuant to a Declaration of Pledge dated [] August, 2005 and made between the Borrower and the Security Agent acting as agent and trustee for itself and the Finance Parties (such declaration of pledge, as it may from time to time be amended, assigned, novated, supplemented or replaced, being below called the "Declaration of Pledge"), the Borrower has pledged by way of first ranking security to the Security Agent (which shall include its successors, transferees and assignees) all its rights, title, benefits and interests (present and future, actual or contingent) under or in respect of the [identify Agreement]).

Words and expressions defined in the Declaration of Pledge shall have the same meaning when used in this letter.

A copy of the Declaration of Pledge is enclosed for your attention and we request that you take note of its provisions.

Please note the following:

- (a) The Borrower shall at all times remain solely liable to you for the performance of all of the obligations assumed by it under or in respect of the [identify Agreement].
- (b) The Security Agent has agreed that the Borrower may exercise all of its rights and privileges under the [Identify Agreement] for so long as no Event of Default shall have occurred and be continuing. Upon and at any time after the Security Agent gives you notice of an Event of Default, the Security Agent shall be entitled to exercise and give directions regarding the exercise of all or any of those rights and privileges (to the exclusion of the Borrower and to the

exclusion of any directions given at any time by or on behalf of the Borrower) to the extent specified in the notice of an Event of Default.

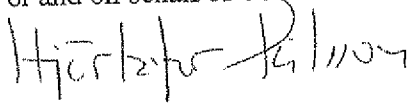
- (c) The Borrower confirms that none of the instructions, authorisations and confirmations in this notice can be revoked or varied in any way except with the Security Agent's specific prior written consent.]

Please acknowledge receipt of this notice, and confirm your agreement to it, by executing and returning to the Security Agent an original copy of the Form of Acknowledgement attached to this notice of assignment.

This notice is governed by Icelandic law.

Reykjavík, August 2005

For and on behalf of Össur hf.



For and on behalf of
Kaupthing Bank hf., as
the Security Agent

SCHEDULE H

to a Declaration of Pledge issued by Össur hf., on 5th August 2005

Form of Acknowledgement of [relevant party] to the Security Agent in respect of the rental agreements listed in Schedules B

To: Kaupthing Bank hf.
Borgartúni 19
105 Reykjavík,
Iceland

Dear Sirs,

We confirm receipt from Össur hf and Kaupthing Bank of a notice dated [] of a pledge granted to Kaupthing Bank as Security Agent upon the terms of a Declaration of Pledge dated 5th August 2005 over all of Össur's hf. rights, title, benefits and interests in and to [insert details of Relevant Agreement] (the "Agreement").

We confirm that:

- (i) we have noted the pledge granted to Kaupthing as Security Agent and will act in accordance with the terms of that notice;
- (ii) we have not received notice of any other assignment of the Agreement and we are not aware of any interest of any third party in or to the Agreement.

We, [relevant party] confirm that we authorise the Borrower to pledge by way of first ranking security to the Security Agent (which shall include its successors, transferees and assignees) all its rights, title, benefits and interests (present and future, actual or contingent) under or in respect of the [identify Agreement]).

We, [relevant party] also confirm that we will give the Security Agent at least a 30 days notice in case of a default under the [Identify Agreement] ("The Agreement") by the Borrower and give the Security Agent an opportunity to honor the obligation and step into the Agreement, before terminating the Agreement.

This letter shall be governed by and construed in accordance with Icelandic law.

Yours faithfully,

on behalf of
[relevant party]

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SCHEDULE I

to a Declaration of Pledge dated 5th August, 2005, entered into between Össur hf. and Kaupthing Bank hf. as Security Agent.

Form of notice and acknowledgement of insurers to the Security Agent

[To: [insert name of insurer]


Copy to: Kaupthing Bank hf.
Borgartúni 19
105 Reykjavík,
Iceland.

Dear Sirs,

Össur hf. (the "Borrower") HEREBY GIVES NOTICE that by a Declaration of Pledge dated [], 2005, and made between the Borrower and Kaupthing Bank (the "Security Agent") as agent and trustee for and on behalf of certain Lenders, the Borrower pledged by way of first ranking security to the Security Agent all its present, future, actual or contingent rights, title and claims in respect of all contracts and policies of insurance and all the benefits under them.

Please acknowledge receipt of this notice by signing and returning the attached duplicate copies (including the acknowledgement set out below) for return of one copy to us and one copy to the Security Agent as its address set out above.

DATED [] 2005.



For and on behalf of Össur hf.

Acknowledgement

We refer to the notice of security interest (the "Notice") of which this is a copy and:

- (i) Acknowledge receipt of the Notice;
- (ii) Confirm we have not received notice of any interest of any third party in any or all of the rights and claims stated in the Notice to have been pledged.

This letter shall be governed by and construed in accordance with Icelandic law.

For and on behalf of [insert name of insurer]
(authorized signatory)

Handwritten initials/signature

SCHEDULE J

to a Declaration of Pledge, dated 5th August, 2005, entered into between Össur hf. and Kaupthing Bank hf. as Security Agent.

Form of Supplemental Schedule issued pursuant to Section 3 of the Declaration of Pledge:

Supplement to Schedules [A, B, C and/or D]

to a Declaration of Pledge dated 5th August, 2005, entered into between Össur hf. and Kaupthing Bank hf. as Security Agent.

[List all relevant agreements, contracts and/or documents]

With reference to the Declaration of Pledge and Schedule [A, B and/or C] of the Declaration of Pledge, the above mentioned assets are hereby pledged and bound by the terms and conditions of the Declaration of Pledge.

Signed in the presence of two witnesses.

[Place, date and year]

On behalf of Össur hf.

[Authorised party to sign]

On behalf Kaupthing Bank hf.
as Security Agent

[Authorised party to sign]

Witnesses

DATED 30th JUNE 2008

FIRST AMENDMENT TO DECLARATION OF PLEDGE

for

ÖSSUR HF.

as BORROWER

and

KAUPTHING BANK HF.

as LENDER

FIRST AMENDMENT TO DECLARATION OF PLEDGE
RELATING TO A FACILITY AGREEMENT AND BRIDGE LOAN FACILITY
AGREEMENT BETWEEN BORROWER AND LENDER, EACH
DATED 5TH AUGUST 2005

THIS FIRST AMENDMENT TO DECLARATION OF PLEDGE (the "First Amendment") is dated on the 30th of June 2008 and is between:

Össur hf., a company incorporated in Iceland, under company number 560271-0189, whose registered offices is at Grjótháls 5, 110 Reykjavík, Iceland (the "Borrower");

Kaupthing bank HF., a company incorporated in Iceland, under company number 560882-0419, whose registered offices is at Borgartún 19, 105 Reykjavík, Iceland (the "Lender");

WHEREAS:

The parties signed Declaration of Pledge on 5th August 2005. Declaration of Pledge was a condition precedent to a Facility Agreement and Bridge Loan Facility Agreement dated 5th August 2005 made between the Borrower and the Lender, (the "Facility Agreements").

The Parties have agreed to make further certain amendments to the section 2c of the Declaration of Pledge, upon the terms as set out below.

IT IS AGREED as follows:

1. DEFINITIONS.

1.1. Words and expressions defined in the Facility Agreements shall have the same meanings when used in this First Amendment to Declaration of Pledge.

2. AMENDMENTS.

Section 2 of the Declaration of Pledge states:

"To ensure payment, performance and/or discharge of the Secured Liabilities, the Borrower pledged by way of first ranking security to the Security Agent, for the benefit of the Secured Parties the following items:"

....

"C. All present and future copyrights, trade marks, patents and patent applications, all trade and/or service marks and such applications, all brands and trade names, all registered designs and applications for registered designs, as listed in Schedule C. The Borrower shall procure that this pledge shall be registered with the Icelandic Trade Mark and Patent Registry where appropriate."

The parties agree to replace the last sentence in Section 2c, in which reference is only made to the Icelandic Trade Mark and Patent Registry with the following sentence:

"The Borrower shall procure that this pledge shall be registered with the Icelandic Trade Mark and Patent Registry and the United States Patent and Trademark Office where appropriate."

Therefore, Section 2c of the Declaration of Pledge shall be in its entirety as follows:

"All present and future copyrights, trademarks, patents and patent applications, all trade and/or service marks and such applications, all brands and trade names, all registered designs and applications for registered designs, as listed in Schedule C. The Borrower shall procure that this pledge shall be registered with the Icelandic Trade Mark and Patent Registry and the United States Patent and Trademark Office where appropriate."

3. GOVERNING LAW AND JURISDICTION.

This First Amendment to Declaration of Pledge is governed by Icelandic law.

Any dispute arising out of or in connection with this Amendment shall be settled before the District Court of Reykjavik.

THIS AGREEMENT has been entered into on the date stated at the beginning of this First Amendment to Declaration of Pledge.

SIGNATORIES:

The Borrower:
ÖSSUR HF.

Hilmar Pálsson

Witnessed signature for Össur hf. by:

Asthaídur Ólafsdóttir 300368-3799

Tatjana Letenovic 140567-2429

The Lender:
KAUPTHING BANK HF.

Guðmundur Þorvaldur Jónsson

Witnessed signature for Kaupthing Bank hf. by:

Helga Þorvaldsdóttir 240877-3259

Ingólfur Þor Ágústsson 200375-3867

DECISION OF THE FINANCIAL SUPERVISORY AUTHORITY (FME)ⁱ

on the disposal of assets and liabilities

of Kaupthing Bank hf., ID no. 560882-0419, to New Kaupthing Bank hf., ID no. 581008-0150.

With reference to the authorization in Article 100a of Act no. 161/2002 on Financial Undertakings, defined by Article 5 of Act no. 125/2008 on the Authority for Treasury Disbursements due to Unusual Financial Market Circumstances, etc., the FME has taken the following decision on the disposal of assets and liabilities of Kaupthing Bank hf.:

ASSETS:

1. All assets of Kaupthing Bank hf. of any type, such as property, liquid assets, cash, shares in other companies and claims, are immediately allocated to New Kaupthing Bank hf. Excluded from this transfer are the assets and entitlements specified in the ANNEX to this decision. New Kaupthing Bank hf. further takes over contractual rights of use of property and liquid assets, except in instances where they are specifically excluded in the compilation accompanying the new opening balance sheet. Rights and obligations according to derivative contracts are not transferred to the New Kaupthing Bank hf.
2. Further, New Kaupthing Bank hf. takes over all rights used to secure the performance of obligations of the debtors of Kaupthing Bank hf., including all liens, guarantees and other comparable rights connected to the claims of the bank. New Kaupthing Bank hf. shall, however, be accountable to Kaupthing Bank hf. for specific collaterals of customers, as applicable, due to claims and derivatives which are not transferred to New Kaupthing Bank hf. according to this decision or according to agreement hereinafter.
3. New Kaupthing Bank hf. takes over all immaterial assets and rights, including trademarks, registered and unregistered, co-brands, databases, software and related licenses, as well as all comparable rights whether based on a contract, registration, public permits or other, except to the extent to which such rights are specifically excluded in the compilation accompanying the new opening balance sheet.
4. The following parties are mandated to register or transfer rights and/or assets of New Kaupthing Bank hf., as per points 1-3 above, to all property, securities, liquid assets, bank deposits and or/other rights:
 - a. The Central Bank of Iceland
 - b. Financial Undertakings
 - c. The Icelandic Securities Depository hf.
 - d. Registers, as per the provisions of Act no. 39/1978 on Registration
 - e. The Central Databank of Real Property/The Land Registry of Iceland
 - f. The Icelandic Patent Office

- g. Hosting agents for domains that Kaupthing Bank hf. and associated parties have used
 - h. Telecommunications companies
 - i. The National Registry
 - j. Nasdaq OMX (Icelandic Stock Exchange)
 - k. Boards of organizations that are responsible for the register of shares and such
 - l. Other parties involved in the registry of rights
5. From 22 October 2008 at 9:00 a.m. New Kaupthing Bank hf. takes over the operations which have been under the auspices of Kaupthing Bank hf. and are connected to the transferred assets, including the participation of Kaupthing Bank hf. in any type of payment system. Furthermore, New Kaupthing Bank hf. takes at this time over the rights and obligations according to contracts on custodianship and asset management with the customers of Kaupthing Bank hf. in Iceland.
 6. The account balance of debt instruments corresponds to the same time period as stipulated in point 5 above. The place of payment for debt instruments of Kaupthing Bank hf. is considered to be at the corresponding branch of New Kaupthing Bank hf. and bills of exchange are further considered properly claimed for payment to New Kaupthing Bank hf.

LIABILITIES AND OTHER OBLIGATIONS:

7. New Kaupthing Bank hf. takes over obligations of the branches of Kaupthing Bank hf. in Iceland due to deposits from financial undertakings, the Icelandic Central Bank and other customers. Deposits are transferred according to the balance and interest earned at the time of transfer according to point 5. This transfer does not necessitate a recall or public announcement.
8. New Kaupthing Bank hf. takes over obligations according to import and export guarantees due to discharge of contract by companies and individuals regarding regular activities. New Kaupthing Bank does not take over obligations of Kaupthing Bank hf. due to: a) obligations of subsidiaries abroad, b) companies under moratorium, composition or in bankruptcy, c) obligations of those owning a qualifying holding in Kaupthing Bank hf., and connected parties, d) obligations to Icelandic financial undertakings; e) other specifically identified liabilities according to the compilation accompanying the new opening balance sheet.
9. Debt backed by collateral which rests upon appropriated assets transferred to New Kaupthing Bank is taken over.

VALUATION OF ASSETS AND SETTLEMENT:

10. Further stipulations on the treatment of individual items regarding the division of the balance sheet are found in a separate document which the FME has certified ("Premises for the division of the balance sheet") and the draft of the new opening balance sheet and the accompanying compilation. New Kaupthing Bank hf. shall preserve all documents which are connected to databases mandated by law, with regard to regulations concerning money laundering, accounting and related issues.
11. The FME appoints a recognized appraiser to evaluate the true worth of assets and liabilities allocated to New Kaupthing Bank hf. according to this decision. Following this valuation, a settlement shall be made, whereby New Kaupthing Bank hf. shall pay Kaupthing Bank hf. the difference between the worth of assets and liabilities, with reference to the time frame of the

transfer according to point 5. The conclusion of the appraisers shall be available within 90 days of this decision.

12. New Kaupthing Bank hf. shall issue a bond to Kaupthing Bank hf. as payment of the remuneration. The terms of the bond shall be available within 10 days of the announcement of the conclusion of the appraiser. The value of the bond shall be verified by an internationally recognized appraisal company to be appointed by the FME.

OTHER ISSUES:

13. The transfer of claims according to this decision shall not deprive a debtor of the right to debt-equalization which he had against the previous claimant or its bankruptcy estate. At the time of settlement according to points 11 and 12, the amount, which could be subtracted due to debt-equalization from the claims taken over by New Kaupthing Bank hf. according to this decision, shall be estimated.
14. No default remedies of the contracting parties shall take effect as a result of this decision.

This decision is based on available information and data. Should it prove to be based on insufficient or wrong information on merits, or other underlying premises of the decision turn out to be fundamentally inaccurate, the FME may make any changes to this decision, including nullifying it in part or in whole.

This decision was taken by the Board of the FME and is effective immediately.

THE FINANCIAL SUPERVISORY AUTHORITY

21 October 2008

Jón Sigurdsson
Chairman of the Board

Jónas Fr. Jónsson
Director General

ⁱ The original Icelandic text is the valid text. In case of any discrepancy between the original Icelandic text and the English translation, the original Icelandic text applies.

ANNEX

to the decision of the Financial Supervisory Authority (FME) dated 21 October 2008

The following assets of Kaupthing Bank hf. shall not be transferred to New Kaupthing Bank hf.:

Assets

- a. Claims on financial undertakings on which the FME has taken action on the basis of Article 5 of Act no. 125/2008.
- b. Securities issued by financial undertakings on which the FME has taken action on the basis of Article 5 of Act no. 125/2008.
- c. Claims and cash flow due to claims collateralized to other financial undertakings.
- d. All assets of foreign branches of Kaupthing Bank hf.
- e. Claims of Kaupthing Bank hf. on its foreign branches and subsidiaries.
- f. Shares in foreign subsidiaries.
- g. Other assets specifically identified in the compilation accompanying the new opening balance sheet.

A further breakdown is found in the opening balance sheet and its accompanying explanatory compilation.



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20.11.2009

Arion banki - A new name and a new vision

From tomorrow, 21 November 2009, New Kaupthing Bank will change its name to Arion banki. The new name signals a new direction and new values. Following the restructuring of the bank in the recent economic turmoil at home and abroad, the bank is shifting its focus in response to the demands for change made by its customers and employees. A new name will also help eliminate any confusion among the public and the bank's business partners in Iceland and abroad.

The bank is guided by the values of professionalism, ambition, concern for others and loyalty, with the customer in the foreground at all times. The new name comes from Greek mythology and symbolizes perseverance, cooperation and new beginnings. The bank held a competition among its employees to find a new name and Arion was selected from over three hundred entries.

Finnur Sveinbjörnsson, CEO of Arion, says that the time was right to adopt a new name. "A new name, a new direction and new values signal a fresh start for the bank. In a way we are making a break with the past and we look forward to tackling the challenges that await in society with vigour. Our goal is to develop a strong, trustworthy bank which works with and for the people of Iceland."

In the current climate the bank cannot afford to be wasteful, and therefore the cost of adopting a new name will be kept to a minimum. The branches will be given a new look in the next few weeks, and to avoid unnecessary costs marketing material will be renewed as old supplies are used up.

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Date	Headline
10.12.2009	Arion Bank introduces new solutions to help borrowers manage with their loans:
01.12.2009	Agreement on ownership of Arion Bank: Kaupthing Bank acquires 87% share in Arion Bank
23.11.2009	Arion banki receives proposal concerning financial restructuring of 1998
21.11.2009	Financial results of New Kaupthing Bank (now Arion Bank) for the period 22 October 2008 to 31 December 2008
20.11.2009	Arion banki - A new name and a new vision
30.10.2009	Deadline regarding capitalization of New Kaupthing extended until end of November
03.09.2009	Agreements signed by Icelandic government and Kaupthing's resolution committee
03.09.2009	Changes regarding tax exemption on interest
26.08.2009	Redemption of shares in Alfesca hf.

TRADEMARK