

ÖSSUR HF.'S ANNUAL GENERAL MEETING

**WILL BE CONDUCTED TUESDAY, 9 MARCH 2010, AT 9:00 AM (GMT)
AT THE COMPANY'S HEADQUARTERS AT GRJÓTHÁLS 5,
REYKJAVÍK, ICELAND**

A. AGENDA

1. The Board of Directors' report on the activities of the Company for the preceding year.
2. Decision on the distribution of the net profit of the Company over the fiscal year 2009.
3. Submission of the Consolidated Financial Statements of the Company for the preceding year for confirmation.
4. Decision on remuneration to the Board of Directors for the preceding year.
5. Elections to the Board of Directors.
6. Election of Auditors.
7. The Board of Directors' report on the remuneration and benefits of the Board of Directors and the Executive Management, the expected costs related to share option agreements and execution of the previous remuneration policy.
8. Motion to approve a new Remuneration Policy for the Company.
9. Motion to grant the Board of Directors authorization to purchase Treasury Shares in the Company.
10. Motions to amend the Company's Articles of Association. Main subject of the motions:
 - 10.1 Art. 2.01, para. 4 - Deletion of an obligation to divide the shares into smaller units.
 - 10.2 Art. 4.01, para. 2 - Electronic proxies accepted at Shareholders' Meeting.
 - 10.3 Art. 4.01, para. 9 - Shareholders allowed to cast votes by electronic means.
 - 10.4 Art. 4.02, para. 4 - Correction on which decisions can be postponed to an adjourned Annual General Meeting.
 - 10.5 Art. 4.03, para. 1 - Shareholders' Meetings shall be convened with a minimum of three weeks' notice.
 - 10.6 Art. 4.03, para. 2 - The convocation shall be issued by electronic means on a non-discriminatory basis, as well as in Icelandic media.
 - 10.7 Art. 4.03, para. 3 - More extensive information to be provided in the convocation.
 - 10.8 Art. 4.03, para. 5 - Shareholders entitled to submit requests by electronic means to have items included on the agenda.
 - 10.9 Art. 4.07, para. 1 - The final agenda shall be published on the Company's website.
 - 10.10 Art. 4.07, para. 4 - Annual General Meeting documents shall be published on the Company's website and made available at its offices no later than three weeks before the meeting.
 - 10.11 Art. 5.04 - Deletion of a duplicated provision regarding important Board of Directors' decisions.
 - 10.12 Art. 7.02, para. 3 - Deletion of a redundant provision regarding the Auditors and the Board of Directors' comments to the Consolidated Financial Statements.
11. Any other business lawfully submitted or accepted for discussion by the Annual General Meeting.



B. PROPOSALS

2. *Proposal on the disposal of the net profit of the Company.*

The Board of Directors proposes to carry over the net profit of the Company in 2009 to the following year.

3. *Proposal on confirmation of the Company's Consolidated Financial Statements.*

The Board of Directors proposes to approve the Company's Consolidated Financial Statements for the year 2009.

4. *Proposal on remuneration to the Board of Directors for the preceding year.*

The Board of Directors proposes, in accordance with the Company's Remuneration Committee's proposal, the remuneration to the Board of Directors for the preceding year shall be as follows:

Chairman of the Board	USD 75,000
Vice Chairman of the Board	USD 45,000
Board Members	USD 30,000

5. *Nomination of candidates to the Board of Directors.*

The Board of Directors proposes that its size shall remain unchanged and that all the current Board Members are re-elected; Niels Jacobsen, Þórður Magnússon, Arne Boye Nielsen, Kristján Tómas Ragnarsson and Svafa Grönfeldt.

Updated information on all candidates to the Board of Directors will be published no later than 2 days before the Annual General Meeting, in accordance with Article 63 a. of the Icelandic Companies Act No. 2/1995.

6. *Nomination of an Auditor.*

The Board of Directors proposes, in accordance with the Company's Audit Committee's proposal, to re-elect Deloitte hf. as the Company's Auditor for the next year.

8. *Motion to approve a new Remuneration Policy for the Company.*

The Board of Directors proposes, in accordance with the Company's Remuneration Committee's proposal, to approve a new Remuneration Policy mainly in line with the new Icelandic Corporate Governance Guidelines, issued in June 2009 by the Iceland Chamber of Commerce, NASDAQ OMX Iceland and the Confederation of Icelandic Employers:



The Remuneration Policy of Össur hf.

It is the policy and priority of Össur hf. and its subsidiaries to attract and retain exceptional employees long-term. In order to achieve this, the Company must have in place a competitive compensation structure in each of its operations. To the extent possible, the remuneration of managers and other employees shall be harmonized and fair, taking into account their responsibilities, local trends, performance and other relevant factors.

This Remuneration Policy is designed and implemented to ensure, to the extent possible, the alignment of interest of the Board of Directors, managers and other employees with Össur hf.'s performance long-term.

In addition to basic salary, Össur hf. (the "Company") may pay or reward managers and other employees e.g. in the form of:

1. Performance-linked payments and benefits. The Company may pay bonuses that reflect individual contribution to the Company's projects, specific divisions and the Company as a whole. In determining bonuses, special attention shall be given to the Company's overall results, actual growth and its long-term profitability. Bonuses for short-term performance can be up to 50% of the basic salary. The Company may pay bonuses with shares in the Company.
2. Share options. The Board may offer managers and other employees share options in the Company. The key terms of such share option agreements or plans shall be submitted to a Shareholders' Meeting for approval. Employees shall not be offered put options or granted loans or guarantees.
3. Pension rights. The Company shall pay employer's share to pension funds for employees in accordance with applicable laws and employment agreements or general labor requirements. The Company shall not undertake any pension liabilities, unless required by law.
4. Severance payments. The Company shall not enter into special retirement agreements with employees, but shall instead have mutual termination clauses as practiced on the labor market in each location, as well as taking into account the employees' responsibilities and other relevant factors. The Company may agree to termination clauses for up to twenty-four (24) months.

The remuneration of the Board of Directors shall be approved by the Company's Annual General Meeting each year.

The Remuneration Policy is binding for the Board as regards share options, cf. clause 2 above. In other instances the Remuneration Policy shall be of guidance for the Board. Any departure from the Remuneration Policy shall be recorded and reasoned in the Board's Minutes.

This Remuneration Policy has been approved by the Board of Directors of Össur hf., as proposed by the Company's Remuneration Committee, in accordance with Article 79. a. of Icelandic Companies Act No. 2/1995, taking into consideration the Icelandic Guidelines on Corporate Governance. The Remuneration Policy is reviewed once a year and shall be approved at the Company's Annual General Meeting, with or without amendments.



9. *Motion to grant the Board of Directors authorization to purchase Treasury Shares in the Company.*

The Board of Directors proposes to approve the following motion on purchase of Treasury Shares:

The Board of Directors is authorized, until the next Annual General Meeting, to allow the Company to acquire Treasury Shares of up to 10% of the Company's share capital at a price which is not higher than 10% above, and not lower than 10% below, the volume weighted average price of the shares the two weeks immediately prior to the purchase. This authorization is granted in accordance with Article 55 of the Icelandic Companies Act No. 2/1995. Earlier authorization is withdrawn.

10. *Motions to amend the Company's Articles of Association.*

The Board of Directors proposes that the Annual General Meeting approves the motions to amend the Company's Articles of Association as set out in items 10.1 – 10.12.

- 10.1 Proposed amendment to Article 2.01, paragraph 4. It is proposed that the paragraph is deleted.
- 10.2 Proposed amendment to Article 4.01, paragraph 2. It is proposed that the paragraph reads as follows: "A shareholder may appoint a proxy to attend a Shareholders' Meeting on his behalf. The proxy holder must submit a written or electronic proxy which shall be dated."
- 10.3 Proposed amendment to Article 4.01, paragraph 9. It is proposed that the paragraph reads as follows: "In the event that the Board of Directors considers not feasible to grant the Shareholders the option to take part in a Shareholders' meeting by electronic means, the shareholders shall nonetheless be given the opportunity to cast votes on matters on the agenda, in writing or by electronic means. Instructions on how such voting will be implemented shall be included in the call to the meeting. Shareholders can request to have their ballots sent to them provided that they have sent a written request thereof to the Company's office five days before the announced Shareholders' Meeting. Shareholders may also claim their ballots at the Company's office within the aforementioned time limit or cast their vote at the same office."
- 10.4 Proposed amendments to Article 4.02, paragraph 4. It is proposed that the paragraph reads as follows: "In the event that shareholders controlling at least 1/3 of the shares so request in writing at the Annual General Meeting, decisions on items 2 and 3 shall be postponed to an adjourned Annual General Meeting, which shall be held at the earliest one month and at the latest two months later. Further postponement cannot be requested."
- 10.5 Proposed amendment to Article 4.03, paragraph 1. It is proposed that the paragraph reads as follows: "Shareholders' Meetings shall be convened with a minimum of three weeks' notice."
- 10.6 Proposed amendment to Article 4.03, paragraph 2. It is proposed that the paragraph reads as follows: "The convocation shall be issued by electronic means to ensure fast access to it on a non-discriminatory basis. Reliable media shall be used to ensure effective dissemination of information to the public throughout the European Economic Area. The convocation shall also be issued in Icelandic media."
- 10.7 Proposed amendment to Article 4.03, paragraph 3. It is proposed that the paragraph reads as follows: "The convocation shall at least provide information on:
 1. Where and when the Meeting is to take place and the proposed agenda. In case a proposal for amendment to the Company's Articles of Association is to be taken for consideration at the Meeting, the main subject of the motion shall be specified in the convocation.
 2. Clear and precise rules on participation and voting in the Meeting.
 3. Where and how the following full, unabridged documents can be obtained:
 - a. documents to be submitted to the Meeting



- b. draft resolutions and/or comments from the Board of Directors or its sub-committees for each item on the proposed agenda of the Meeting
 - c. draft resolutions from shareholders the Company has received.
- 4. Website which has information the shareholders shall have access to in relation to the Meeting according to law.“
- 10.8 Proposed amendment to Article 4.03, paragraph 5. It is proposed that the paragraph reads as follows: “Each shareholder shall be entitled to have a specific item of business included on the agenda of Shareholders’ Meetings, provided that such shareholder submits a request in writing or by electronic means to this effect to the Board of Directors of the Company with sufficient advance notice for the item to be included on the agenda.”
- 10.9 Proposed amendment to Article 4.07, paragraph 1. It is proposed that the paragraph reads as follows: “The final agenda, as well as all major proposals to be voted on at the Shareholders' Meetings, shall be published on the Company’s website and laid open to all shareholders for inspection at the Company's office no later than seven days before the Meeting.”
- 10.10 Proposed amendment to Article 4.07, paragraph 4. It is proposed that the paragraph reads as follows: “The Company's accounts along with the Auditor's comments, the response from the Board of Directors and the Auditor's proposed conclusion, as well as the Board of Directors’ proposed Remuneration Policy, shall be published on the Company’s website and laid open for inspection by shareholders at the Company's offices no later than three weeks before the Annual General Meeting.”
- 10.11 Proposed amendment to Article 5.04. It is proposed that the last sentence of the paragraph is deleted. The paragraph then reads as follows: “The Board of Directors is responsible for the affairs of the Company between Shareholders’ Meetings and their resolutions and contracts are binding for the Company. The signatures of a majority of the Members of the Board are required to bind the Company.”
- 10.12 Proposed amendment to Article 7.02, paragraph 3. It is proposed that the paragraph is deleted.