

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
Skullcandy, Inc.	12/16/2008

RECEIVING PARTY DATA

Name:	Wells Fargo Foothill, LLC
Street Address:	2450 Colorado Avenue, Suite 3000 West
City:	Santa Monica
State/Country:	CALIFORNIA
Postal Code:	90404

PROPERTY NUMBERS Total: 4

Property Type	Number
Patent Number:	7187948
Patent Number:	7395090
Application Number:	12138331
Application Number:	61117866

CORRESPONDENCE DATA

Fax Number: (866)459-2899  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 800-846-3190  
Email: john.flynn@federalresearch.com  
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Address Line 2: Attn: Oleh Hereliuk  
Address Line 4: Washington, DISTRICT OF COLUMBIA 20005

NAME OF SUBMITTER:

John Flynn

Total Attachments: 7  
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PATENT

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**PATENT SECURITY AGREEMENT**

This PATENT SECURITY AGREEMENT (this "Patent Security Agreement") is made this 16th day of December, 2008, among the Grantors listed on the signature pages hereof (collectively, jointly and severally, "Grantors" and each individually "Grantor"), and WELLS FARGO FOOTHILL, LLC, a Delaware limited liability company, as agent for the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns, if any, "Agent").

**WITNESSETH:**

WHEREAS, pursuant to that certain Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), dated as of December 16, 2008, among Skullcandy, Inc., a Delaware corporation, as borrower (the "Borrower"), the lenders party thereto as "Lenders" (collectively, the "Lenders"), and Agent, the Lender Group is willing to make certain financial accommodations available to Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, the members of Lender Group are willing to make the financial accommodations to Borrower as provided for in the Credit Agreement, but only upon the condition, among others, that the Grantors shall have executed and delivered to Agent, for the benefit of the Lender Group and the Bank Product Providers, that certain Security Agreement of even date herewith (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"), dated as of December 16, 2008;

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to Agent, for the benefit of the Lender Group and the Bank Product Providers, this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

1. **DEFINED TERMS.** All capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement or, as referred to therein, the Credit Agreement.

2. **GRANT OF SECURITY INTEREST IN PATENT COLLATERAL.** Each Grantor hereby unconditionally grants to Agent, for the benefit of the Lender Group and the Bank Product Providers, to secure the Secured Obligations, a continuing first priority security interest, subject to Permitted Liens, in all of such Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired or arising and wherever located (collectively, the "Patent Collateral");

(a) all of its Patents and Patents licensed under Intellectual Property Licenses to which it is a party including those referred to on Schedule I hereto;

(b) all reissues, continuations or extensions of the foregoing; and

(c) all products and Proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future infringement or dilution of any Patent or any Patent licensed under any Intellectual Property License.

The Patent Collateral shall exclude the Excluded Property.

3. **SECURITY FOR SECURED OBLIGATIONS.** This Patent Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Patent Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be

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owed by Grantors, or any of them, to Agent, the Lender Group, the Bank Product Providers or any of them, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. SECURITY AGREEMENT. The security interests granted pursuant to this Patent Security Agreement are granted in conjunction with the Security Interests granted to Agent, for the benefit of the Lender Group and the Bank Product Providers, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of Agent with respect to the Security Interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event of a conflict between the terms of this Patent Security Agreement and the Security Agreement, the terms of the Security Agreement shall control.

5. AUTHORIZATION TO SUPPLEMENT. If any Grantor shall obtain rights to any new patentable inventions or become entitled to the benefit of any patent application or patent for any reissue, division, or continuation, of any patent, the provisions of this Patent Security Agreement shall automatically apply thereto. Grantors shall give notice in writing to Agent with respect to any such new patent rights pursuant to the terms of the Security Agreement. Without limiting Grantors' obligations under this Section, Grantors hereby authorize Agent unilaterally to modify this Agreement by amending Schedule I to include any such new patent rights of Grantors. Notwithstanding the foregoing, no failure to so modify this Patent Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from Agent's continuing Security Interest in all Collateral, whether or not listed on Schedule I.

6. COUNTERPARTS. This Patent Security Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument. In proving this Patent Security Agreement or any other Loan Document in any judicial proceedings, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom such enforcement is sought. Any signatures delivered by a party by telefacsimile transmission or other electronic method of transmission shall be deemed an original signature hereto.

7. CONSTRUCTION. Unless the context of this Patent Security Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Patent Security Agreement or any other Loan Document refer to this Patent Security Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Patent Security Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Patent Security Agreement unless otherwise specified. Any reference in this Patent Security Agreement or in any other Loan Document to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). Any reference herein or in any other Loan Document to the satisfaction or repayment in full of the Obligations shall mean the repayment in full in cash (or cash collateralization in accordance with the terms of the Credit Agreement) of all Obligations other than unasserted contingent indemnification Obligations and other than any Bank Product Obligations that, at such time, are allowed by the applicable Bank Product Providers to remain outstanding and that are not required by the provisions of the Credit Agreement to be repaid or cash collateralized. Any reference herein to any Person shall be construed to include such Person's successors and assigns. Any requirement of a writing contained herein or in any other Loan Document shall be satisfied by the transmission of a Record and any Record so transmitted shall constitute a representation and warranty as to the accuracy and completeness of the information contained therein.

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

GRANTOR:

SKULLCANDY, INC.,  
a Delaware corporation,  
as Grantor

By: 

Name: Richard P. Alden

Title: CEO

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[Signature page to Patent Security Agreement]

S-1

PATENT  
REEL: 021998 FRAME: 0234

**AGENT:**

**WELLS FARGO FOOTHILL, LLC,**  
a Delaware limited liability company,  
as Agent

By: 

Name: Katherine L. Andersen

Title: Vice President, Underwriter

[Signature page to Patent Security Agreement]

S-2

**PATENT**  
**REEL: 021998 FRAME: 0235**

SCHEDULE I  
TO  
PATENT SECURITY AGREEMENT

**Grantor: Skullcandy, Inc.**

USA

Patents Issued

<b>Title</b>	<b>Issue Number</b>	<b>Issue Date</b>	<b>Inventor</b>
Personal Portable Integrator ...	7,187,948	3/6/2007	Richard P. Alden
Personal Portable Integrator ...	7,395,090	7/1/2008	Richard P. Alden

Patent Application

<b>Title</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Inventor(s)</b>
Personal Portable Integrator ...	12/138,331	6/12/2008	Richard P. Alden
Interchangeable Goggle and Headphone Audio System	61/117,866	11/25/2008	Richard P. Alden, Thomas W. Brady, Curt R. Fry, Jeffrey P. Riese, and Robert J. Riese

Canada

Patents Issued

NONE

Patent Application

<b>Title</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Inventor</b>
Personal Portable Integrator ...	2515558	8/10/2005	Richard P. Alden

Germany

Patents Issued

NONE

Patent Application

<b>Title</b>	<b>Application Number</b>	<b>Filing Date</b>	<b>Inventor</b>
Personal Portable Integrator ...	5018728.5	8/29/2005	Richard P. Alden

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**PATENT**  
**REEL: 021998 FRAME: 0236**

**Grantor: Cutting Edge Audio Kiosks, LLC**

NONE.

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**RECORDED: 12/18/2008**

**PATENT  
REEL: 021998 FRAME: 0237**