

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
FUHU, Inc.		10/06/2008	CORPORATION: CALIFORNIA

**RECEIVING PARTY DATA**

Name:	Boardwalk Capital Holdings Limited
Street Address:	Craigmuir Chambers, P.O. Box 71
City:	Road Town, Tortola
State/Country:	BRITISH VIRGIN ISLANDS
Postal Code:	VG1110
Entity Type:	COMPANY: BRITISH VIRGIN ISLANDS

**PROPERTY NUMBERS Total: 17**

Property Type	Number	Word Mark
Serial Number:	77107637	SPINLET
Serial Number:	77129654	SPINLETS
Serial Number:	77129634	URSPIN
Serial Number:	77401650	URFOOZ
Serial Number:	77401567	S URSPIN
Serial Number:	77401611	URFOOZ
Serial Number:	77402387	KUNGFOOZ
Serial Number:	77402923	S
Serial Number:	77402376	URSPINTV
Serial Number:	77402328	FUHU
Serial Number:	77402829	FUHU
Serial Number:	77402938	
Serial Number:	77430996	
Serial Number:	77514227	FOOZ MALL

CH \$440.00 77107637

Serial Number:	77514233	FOOZ WORLD
Serial Number:	77577838	SPINLETS LAB
Serial Number:	77577780	SPINLETSLAB

**CORRESPONDENCE DATA**

Fax Number: (949)567-6710  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 949-567-6700  
Email: ipprosecution@orrick.com  
Correspondent Name: Orrick, Herrington & Sutcliffe, LLP  
Address Line 1: 4 Park Plaza, Suite 1600  
Address Line 2: IP Prosecution Department  
Address Line 4: Irvine, CALIFORNIA 92614-2558

ATTORNEY DOCKET NUMBER:	13325.24
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**DOMESTIC REPRESENTATIVE**

Name: Orrick, Herrington & Sutcliffe, LLP  
Address Line 1: 4 Park Plaza, Suite 1600  
Address Line 2: IP Prosecution Department  
Address Line 4: Irvine, CALIFORNIA 92614-2558

NAME OF SUBMITTER:	Angela Wendel
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Signature:	/angela wendel/
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Date:	10/10/2008
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**Total Attachments: 21**  
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**FUHU, INC.****SECURITY AGREEMENT**

This Security Agreement (the "Agreement") is made as of October 6, 2008 by and between FUHU, Inc., a California corporation (the "Debtor"), in favor of Boardwalk Capital Holdings Limited, a company organized under the laws of the British Virgin Islands (the "Secured Party").

**RECITALS**

The Debtor and the Secured Party are parties to a Secured Convertible Note Purchase Agreement of even date with this Agreement (the "Purchase Agreement") pursuant to which the Secured Party shall purchase the Note (as defined in the Purchase Agreement) from the Debtor. The parties intend that the Debtor's obligations to repay the Obligations be secured by all of the assets of the Debtor.

**AGREEMENT**

In consideration of the purchase of the Note by the Secured Party and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Debtor hereby agrees with the Secured Party as follows:

**1. Grant of Security Interest.**

(a) To secure the Debtor's full and timely performance of the Obligations, the Debtor hereby grants to the Secured Party a continuing Lien on and security interest (the "Security Interest") in, all of the Debtor's right, title and interest in and to all of its personal property and assets (both tangible and intangible), including, without limitation, the following, whether now owned or hereafter acquired and wherever located: (a) all Receivables; (b) all Equipment; (c) all Fixtures; (d) all General Intangibles; (e) all Inventory; (f) all Investment Property; (g) all Deposit Accounts; (h) all Cash; (i) all other Goods of the Debtor; (j) all Intellectual Property; and (k) all Proceeds of each of the foregoing and all accessions to, and replacements for, each of the foregoing (collectively, the "Collateral"). The Security Interest shall be a first and prior interest in all of the Collateral.

(b) The following terms shall have the following meanings for purposes of this Agreement:

**"Account"** means any "Account," as such term is defined in the UCC now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all accounts receivable, book debts, rights to payment and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, Documents or Instruments) now owned or hereafter received or acquired by or belonging or owing to the Debtor whether or not arising out of goods or software sold or services rendered by the Debtor or from any other transaction, whether or not the same involves the sale of goods or services by the Debtor and all of the Debtor's rights in, to and under all purchase orders or receipts now owned or hereafter acquired by it for goods or services, and all of the

Debtor's rights to any goods represented by any of the foregoing, and all monies due or to become due to the Debtor under all purchase orders and contracts for the sale of goods or the performance of services or both by the Debtor or in connection with any other transaction (whether or not yet earned by performance on the part of the Debtor), now in existence or hereafter occurring, including, without limitation, the right to receive the proceeds of said purchase orders and contracts, and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

**"Cash"** means all cash, money, currency, and liquid funds, wherever held, in which the Debtor now or hereafter acquires any right, title, or interest.

**"Chattel Paper"** means any "Chattel paper," as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest.

**"Deposit Accounts"** means any "Deposit account," as such term is defined in the UCC, and includes any checking account, savings account, or certificate of deposit, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest.

**"Documents"** means any "Document," as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest.

**"Electronic Chattel Paper"** means any "Electronic chattel paper," as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest.

**"Equipment"** means any "Equipment," as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest and any and all additions, upgrades, substitutions and replacements of any of the foregoing, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires interest.

**"Fixtures"** means any "Fixtures," as such term is defined in the UCC, together with all right, title and interest of the Debtor in and to all extensions, improvements, betterments, accessions, renewals, substitutes, and replacements of, and all additions and appurtenances to any of the foregoing property, and all conversions of the security constituted thereby, immediately upon any acquisition or release thereof or any such conversion, as the case may be, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest.

**"General Intangible"** means any "General intangible," as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all right, title and interest that the Debtor may now or hereafter have in or under any Intellectual Property, contracts, rights to payment, payment intangibles, confidential information, interests in

partnerships, limited liability companies, corporations, joint ventures and other business associations, permits, goodwill, claims in or under insurance policies, including unearned premiums and premium adjustments, uncertificated securities, deposit, checking and other bank accounts, rights to sue at law or in equity for past, present and future impairment of Intellectual Property (including the right to receive all proceeds and damages therefrom), rights to receive tax refunds and other payments and rights of indemnification.

**“Goods”** means any “Goods,” as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest.

**“Instruments”** means any “Instrument,” as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest.

**“Intellectual Property”** means, collectively, all rights, priorities and privileges of the Debtor relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, inventions, patents, patent licenses, trademarks, trademark licenses and trade secrets (including customer lists), domain names, Web sites and know how.

**“Inventory”** means any “Inventory,” as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest, and, in any event, shall include, without limitation, all inventory, goods and other personal property that are held by or on behalf of the Debtor for sale or lease or are furnished or are to be furnished under a contract of service or that constitute raw materials, work in process or materials used or consumed or to be used or consumed in the Debtor’s business, or the processing, packaging, promotion, delivery or shipping of the same, and all finished goods, whether or not the same is in transit or in the constructive, actual or exclusive possession of the Debtor or is held by others for the Debtor’s account, including, without limitation, all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers and all such property that may be in the possession or custody of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other Persons.

**“Investment Property”** means any “Investment property,” as such term is defined in the UCC, and includes certificated securities, uncertificated securities, money market funds and U.S. Treasury bills or notes, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest.

**“Letter of Credit Right”** means any “Letter of credit right,” as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest, including any right to payment or performance under any letter of credit.

**“Lien”** means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or

other title retention agreement, any lease in the nature of a security interest, and the filing of any financing statement (other than a precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the UCC or comparable law of any jurisdiction.

**“Obligations”** shall mean and include all loans, advances, debts, liabilities and obligations, howsoever arising, owed by the Debtor to the Secured Party of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising pursuant to the terms of the Purchase Agreement and the Note or otherwise, including without limitation all interest, fees, charges, expenses, attorneys’ fees and accountants’ fees chargeable to the Debtor or payable by the Debtor thereunder.

**“Permitted Liens”** shall mean (a) Liens for taxes or other governmental charges not at the time delinquent or thereafter payable without penalty or being contested in good faith, provided that adequate reserves for the payment thereof have been established in accordance with generally accepted accounting principals, (b) Liens of carriers, warehousemen, mechanics, materialmen, vendors, and landlords and other similar Liens imposed by law incurred in the ordinary course of business for sums not overdue more than 45 days or being contested in good faith, provided that adequate reserves for the payment thereof have been established in accordance with generally accepted accounting principals, (c) deposits under workers’ compensation, unemployment insurance and social security laws or to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or to secure statutory obligations of surety or appeal bonds or to secure indemnity, performance or other similar bonds in the ordinary course of business, (d) zoning restrictions, easements, rights-of-way, title irregularities and other similar encumbrances, which alone or in the aggregate are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Debtor, (e) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties and in connection with the importation of goods in the ordinary course of the Debtor’s business, (f) Liens on the property or assets of any subsidiary of the Debtor in favor of the Debtor, and (g) purchase money Liens that will be discharged upon the Debtor’s payment of the purchase price for the applicable property, to the extent such Liens relate solely to the property so purchased.

**“Person”** means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof).

**“Proceeds”** means “Proceeds,” as such term is defined in the UCC and, in any event, shall include, without limitation, (a) any and all Accounts, Chattel Paper, Instruments, cash or other forms of money or currency or other proceeds payable to the Debtor from time to time in respect of the Collateral, (b) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Debtor from time to time with respect to any of the Collateral, (c) any and all payments (in any form whatsoever) made or due and payable to the Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting under color of

governmental authority), (d) the proceeds, damages, or recovery based on any claim of the Debtor against third parties (i) for past, present or future infringement of any copyright, patent or patent license or (ii) for past, present or future infringement or dilution of any trademark or trademark license or for injury to the goodwill associated with any trademark, trademark registration or trademark licensed under any trademark license and (e) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

**“Receivables”** means all of the Debtor’s Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, and letters of credit and Letter of Credit Rights.

**“Supporting Obligation”** means any “Supporting Obligation,” as such term is defined in the UCC, now owned or hereafter acquired by the Debtor or in which the Debtor now holds or hereafter acquires any interest.

**“UCC”** means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Secured Party’s Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of California, the term “UCC” shall mean the Uniform Commercial Code as enacted and in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

Unless otherwise defined herein, all capitalized terms used herein and defined in the Purchase Agreement shall have the respective meaning given to those terms in the Purchase Agreement, and terms that are defined in the UCC and used herein shall have the meanings given to them in the UCC.

2. **Representations and Warranties.** The Debtor hereby represents and warrants to the Secured Party that:

(a) **Ownership of Collateral.** The Debtor is the legal and beneficial owner of the Collateral (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights in the Collateral, will be the legal and beneficial owner thereof). Except for the Security Interest granted to the Secured Party pursuant to this Agreement, the Debtor has rights in or the power to transfer the Collateral free and clear of any adverse Lien, security interest or encumbrance except as created by this Security Interest, except for Permitted Liens. No financing statements covering any Collateral or any proceeds thereof are on file in any public office (other than filings listing the Secured Party as the secured party).

(b) **Valid Security Interest.** The Security Interest granted pursuant to this Agreement will constitute a valid and continuing first priority perfected security interest in favor of the Secured Party in the Collateral for which perfection is governed by the UCC or filing with the United States Copyright Office or United States Patent and Trademark Office. Such Security Interest will be prior to all other Liens on the Collateral, except for Permitted Liens.



(c) **Organization and Good Standing.** The Debtor has been duly incorporated, and is validly existing and in good standing, under the laws of the State of California and has a California organizational identification number of C3102794.

(d) **Location, State of Organization and Name of the Debtor.** The Debtor's state of organization is California and the Debtor's exact legal name as it appears in the official filings in the State of California is as set forth in the first paragraph of this Agreement. The Debtor has only one jurisdiction of organization.

(e) **Location of Equipment and Inventory.** All Equipment and Inventory are (i) located at the locations indicated on Schedule A (ii) in transit to such locations or (iii) in transit to a third party purchaser which will become obligated on a Receivable to the Debtor upon receipt. Except for Equipment and Inventory referred to in clauses (ii) and (iii) of the preceding sentence, the Debtor has exclusive possession and control of the Inventory and Equipment.

(f) **Receivables.** Each Receivable is genuine and enforceable against the party obligated to pay the same (an "Account Debtor") free from any right of rescission, defense, setoff or discount.

(g) This Agreement is effective to create a valid and continuing Lien upon the Collateral. All action by the Debtor necessary or desirable to protect and perfect such Lien on each item of the Collateral has been duly taken.

3. **Covenants.** The Debtor covenants and agrees with the Secured Party that, from and after the date of this Agreement until the Obligations are paid in full:

(a) **Other Liens.** Except for the Security Interest and Permitted Liens, the Debtor has rights in or the power to transfer the Collateral and its title and will be able to do so hereafter free from any adverse Lien, security interest or encumbrance, and the Debtor will defend the Collateral against the claims and demands of all persons at any time claiming the same or any interest therein.

(b) **Further Documentation.** At any time and from time to time, upon the written request of the Secured Party, and at the sole expense of the Debtor, the Debtor will promptly and duly authenticate and deliver such further instruments and documents and take such further action as the Secured Party may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted including, without limitation, filing any financing or continuation statements under the UCC in effect with respect to the Liens created hereby. The Debtor also hereby authorizes the Secured Party to file any such financing, amendment or continuation statement without the authentication of the Debtor and to take measures to perfect the Secured Party's Security Interest granted hereunder to the extent permitted by applicable law. A reproduction of this Agreement shall be sufficient as a financing statement (or as an exhibit to a financing statement on form UCC-1) for filing in any jurisdiction.

(c) **Indemnification.** The Debtor agrees to defend, indemnify and hold harmless the Secured Party against any and all liabilities, costs and expenses (including, without

limitation, legal fees and expenses) ("Liabilities"): (i) with respect to, or resulting from, any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any law, rule, regulation or order of any governmental authority applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Agreement.

(d) **Maintenance of Records.** The Debtor will keep and maintain at its own expense complete and satisfactory, in all material respects, records of the Collateral.

(e) **Inspection Rights.** The Secured Party shall have full access during normal business hours, and upon reasonable prior notice, to all the books, correspondence and other records of the Debtor relating to the Collateral. The Secured Party or its representatives may examine such records and make photocopies or otherwise take extracts from such records. The Debtor agrees to render to the Secured Party, at the Debtor's reasonable expense, such clerical and other assistance as the Secured Party may request with regard to the exercise of its rights pursuant to this paragraph.

(f) **Compliance with Laws, etc.** The Debtor (i) will comply with all laws, rules, regulations and orders of any governmental authority applicable to any part of the Collateral or to the operation of the Debtor's business, and (ii) shall not use or permit any Collateral to be used in violation of any provision of the Purchase Agreement and the Note, any law, rule or obligation or order of any governmental authority, or any policy of insurance covering the Collateral.

(g) **Payment of Obligations.** The Debtor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or with respect to any its income or profits derived from the Collateral, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral.

(h) **Limitation on Liens on Collateral.** The Debtor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any Lien or claim on or to the Collateral, other than the Security Interest and Permitted Liens, and will defend the right, title and interest of the Secured Party in and to any of the Collateral against the claims and demands of all other persons.

(i) **Limitations on Dispositions of Collateral.** The Debtor will not sell, transfer, lease, or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so other than dispositions of Inventory in the ordinary course of the Debtor's business.

(j) **Further Identification of Collateral.** The Debtor will furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request.

(k) **Notice of Change of State of Incorporation.** Without thirty (30) days' prior written notice to, and the prior written consent from, the Secured Party, the Debtor shall not

(i) change the Debtor's name, state of incorporation or organization, organizational identification number or place of business (or, if the Debtor has more than one place of business, its chief executive office), or the office in which the Debtor's records relating to Receivables are kept, (ii) keep Collateral consisting of Chattel Paper and documents at any location other than its chief executive office in El Segundo, California, or (iii) keep Collateral consisting of Equipment, Inventory or other goods at any location other than the locations set forth in Schedule A.

(l) **Future Commercial Tort Claims.** The Debtor will promptly give notice to the Secured Party upon the initiation of any Commercial Tort Claim. The Debtor hereby authorizes the Secured Party to amend this Agreement (without any further action or consent from the Debtor) to include any such Commercial Tort Claim as Collateral hereunder.

(m) **Deposit Accounts.** For each deposit account maintained by the Debtor, the Debtor shall, at the request of the Secured Party, along with the bank or other depository institution at which such deposit account is maintained (the "Depository Bank"), execute and deliver to the Secured Party a Deposit Account Control Agreement in form and substance reasonably satisfactory to the Secured Party. Without ten (10) days prior written notice to the Secured Party, the Debtor shall not establish any deposit account not set forth on Schedule B.

(n) **Collection of Receivables.** The Debtor shall collect, enforce and receive delivery of the Receivables in accordance with past practice until otherwise notified by the Secured Party.

(o) **Intellectual Property Matters.** The Debtor shall notify the Secured Party immediately if it knows or has reason to know (i) that any application or registration relating to any of its Intellectual Property that is material to the operation of its business may become abandoned or dedicated, or (ii) of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding the Debtor's ownership of any Intellectual Property that is material to the operation of its business, its right to register the same, or to keep and maintain the same.

(p) **Intellectual Property Applications.** In no event shall the Debtor, either itself or through any agent, employee, licensee or designee, file an application for the registration of any patent, trademark or copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving the Secured Party prior written notice thereof, and, upon request of the Secured Party, the Debtor shall execute and deliver any and all security documents as the Secured Party may reasonably request to evidence the Secured Party's Lien on such Intellectual Property and the general intangibles of the Debtor relating thereto or represented thereby. The Debtor hereby authorizes the Secured Party to amend this Agreement (without any further action or consent from the Debtor) to include any such patent, trademark or copyright as Collateral hereunder.

(q) **Intellectual Property Abandonment.** The Debtor shall take all actions reasonably necessary or requested by the Secured Party to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of its Intellectual Property,

including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(r) **Protection of Intellectual Property.** In the event that any of the Debtor's Intellectual Property is infringed upon, or misappropriated or diluted by a third party, the Debtor shall notify the Secured Party promptly after the Debtor learns thereof. The Debtor shall, unless the Secured Party shall reasonably determine that such Intellectual Property is in no way material to the conduct of its business or operations, promptly sue for, and seek recovery of any and all damages resulting from such infringement, misappropriation or dilution, and shall take such other actions as the Secured Party shall deem appropriate or desirable under the circumstances to protect such Intellectual Property.

(s) **Limitation on Filing of Financing Statements.** The Debtor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of the Secured Party and agrees that it will not do so without the prior written consent of the Secured Party, subject to the Debtor's rights under Section 9509(d)(2) of the UCC.

4. **Event of Default; the Secured Party's Appointment as Attorney-in-Fact.**

(a) **Event of Default.** For purposes of this Agreement, the occurrence of any one of the following events (each, an "Event of Default") shall constitute a default hereunder and under the Note:

(i) The Debtor's failure to pay or discharge the Obligations in full in accordance with the terms of the Note;

(ii) A breach of a representation or warranty made by the Debtor under this Agreement and the Purchase Agreement as of the date thereof;

(iii) The Debtor's failure to observe or perform any other covenant, obligation, condition or agreement contained in this Agreement, the Note or the Purchase Agreement and such failure shall continue for ten (10) days;

(iv) The insolvency of the Debtor, the commission of any act of bankruptcy by the Debtor, the execution by the Debtor of a general assignment for the benefit of creditors, the filing by or against the Debtor of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, or the appointment of a receiver or trustee to take possession of the property or assets of the Debtor; and

(v) A default shall occur under the Note or the Purchase Agreement.

(b) **Powers.** The Debtor hereby appoints the Secured Party and any officer or agent of the Secured Party, with full power of substitution, as its attorney-in-fact with full irrevocable power and authority in the place of the Debtor and in the name of the Debtor or its own name, from time to time in the Secured Party's discretion so long as an Event of Default has occurred and is continuing, for the purpose of carrying out the terms of this Agreement, to take

any appropriate action and to authenticate any instrument which may be necessary or desirable to accomplish the purposes of this Agreement. Without limiting the foregoing, so long as an Event of Default has occurred and is continuing, the Secured Party shall have the right, without notice to, or the consent of, the Debtor, to do any of the following on the Debtor's behalf:

(i) to pay or discharge any taxes or Liens levied or placed on or threatened against the Collateral;

(ii) to direct any party liable for any payment under any of the Collateral to make payment of any and all amounts due or to become due thereunder directly to the Secured Party or as the Secured Party directs;

(iii) to ask for or demand, collect, and receive payment of and receipt for, any payments due or to become due at any time in respect of or arising out of any Collateral;

(iv) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to enforce any right in respect of any Collateral;

(v) to defend any suit, action or proceeding brought against the Debtor with respect to any Collateral;

(vi) to settle, compromise or adjust any suit, action or proceeding described in subsection (v) above and to give such discharges or releases in connection therewith as the Secured Party may deem appropriate;

(vii) to assign any patent right included in the Collateral of the Debtor (along with the goodwill of the business to which any such patent right pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine; and

(viii) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral and to take, at the Secured Party's option and the Debtor's expense, any actions which the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's Liens on the Collateral and to carry out the intent of this Agreement, in each case to the same extent as if the Secured Party were the absolute owner of the Collateral for all purposes.

The Debtor hereby ratifies whatever actions the Secured Party shall lawfully do or cause to be done in accordance with this Section 4. This power of attorney shall be a power coupled with an interest and shall be irrevocable.

(c) **No Duty on the Secured Party's Part.** The powers conferred on the Secured Party by this Section 4 are solely to protect the Secured Party's interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither the Secured Party nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act pursuant to this Section 4.

5. **Performance by the Secured Party of the Debtor's Obligations.** If the Debtor fails to perform or comply with any of its agreements or covenants contained in this Agreement and the Secured Party performs or complies, or otherwise causes performance or compliance, with such agreement or covenant in accordance with the terms of this Agreement, then the expenses of the Secured Party incurred in connection with such performance or compliance shall be payable by the Debtor to the Secured Party within ten (10) days of request by the Secured Party and shall constitute Obligations secured by this Agreement.

6. **Remedies.** If an Event of Default has occurred and is continuing, the Secured Party may exercise, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement relating to the Obligations, all rights and remedies of a secured party under the UCC. Without limiting the foregoing, the Secured Party, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law) to or upon the Debtor or any other person (all of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances collect, receive, appropriate and realize upon any or all of the Collateral, and/or may sell, lease, assign, give an option or options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the foregoing), in one or more parcels at a public or private sale or sales, at any exchange, broker's board or office of the Secured Party or elsewhere upon such terms and conditions as the Secured Party may deem advisable, for cash or on credit or for future delivery without assumption of any credit risk. The Secured Party shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase all or any part of the Collateral so sold, free of any right or equity of redemption in the Debtor, which right or equity is hereby waived or released. The Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable expenses incurred therein or in connection with the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party under this Agreement (including, without limitation, reasonable attorneys' fees and expenses) to the payment in whole or in part of the Obligations, in such order as the Secured Party may elect, and only after such application and after the payment by the Secured Party of any other amount required by any provision of law, need the Secured Party account for the surplus, if any, to the Debtor. To the extent permitted by applicable law, the Debtor waives all claims, damages and demands it may acquire against the Secured Party arising out of the exercise by the Secured Party of any of its rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. The Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Secured Party to collect such deficiency

7. **Limitation on Duties Regarding Preservation of Collateral.** The Secured Party's sole duty with respect to the custody, safekeeping and preservation of the Collateral, under Section 9207 of the UCC or otherwise, shall be to deal with it in the same manner as the Secured Party deals with similar property for its own account. Neither the Secured Party nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so other than as a result of

the gross negligence or willful misconduct of the same or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Debtor or otherwise.

8. **Powers Coupled with an Interest.** All authorizations and agencies contained in this Agreement with respect to the Collateral are irrevocable and are powers coupled with an interest.

9. **No Waiver; Cumulative Remedies.** The Secured Party shall not by any act (except by a written instrument pursuant to Section 11(a) hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default under the Note or in any breach of any of the terms and conditions of this Agreement. No failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party of any right or remedy under this Agreement on any one occasion shall not be construed as a bar to any right or remedy which the Secured Party would otherwise have on any subsequent occasion. The rights and remedies provided in this Agreement are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

10. **Termination of Security Interest.** Upon satisfaction of the Debtor's obligations pursuant to the Note, or conversion of the Note into shares of the Company's equity securities pursuant to the terms of the Note, the security interest granted herein shall terminate and all rights to the Collateral shall revert to the Debtor. Upon any such termination, the Secured Party shall authenticate and deliver to the Debtor such documents as the Debtor may reasonably request to evidence such termination.

11. **Miscellaneous.**

(a) **Amendments and Waivers.** Any term of this Agreement may be amended with the written consent of the parties or their respective successors and assigns. Any amendment or waiver effected in accordance with this Section 11(a) shall be binding upon the parties and their respective successors and assigns.

(b) **Transfer; Successors and Assigns.** The terms and conditions of this Agreement shall be binding upon the Debtor and its successors and assigns, as well as all persons who become bound as a debtor to this Agreement and inure to the benefit of the Secured Party and its successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(c) **Governing Law.** This Agreement shall be governed by and construed under the laws of the State of New York in all respects as applied to agreements among New York residents entered into and performed entirely within New York, without regard to its conflict of laws rules.

(d) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(e) **Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(f) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, or forty-eight (48) hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth below or as subsequently modified by written notice.

(g) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(h) **Entire Agreement.** This Agreement, and the documents referred to herein constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto concerning such subject matter are expressly canceled.

(i) **Dispute Resolution.** Any dispute, controversy or claim, whether based on contract, tort, statute, fraud, misrepresentation or any other legal theory (a "Dispute") arising out of or relating to this Agreement or any right or obligation under this Agreement, including as to this Agreement's existence, enforceability, validity, interpretation, performance, indemnification, breach or damages, including claims in tort, whether arising before or after the termination of this Agreement, shall be settled exclusively by confidential binding arbitration conducted in New York, New York in accordance with the JAMS Comprehensive Arbitration Rules and Procedures then in effect at the time of the commencement of the arbitration as modified by the following provisions of this Agreement:

(i) The arbitration panel shall consist of three neutral arbitrators, each of whom shall be a lawyer admitted to practice in New York having at least 10 years' standing. The arbitrators shall be agreed upon by the Debtor and the Secured Party from the JAMS panel list within 20 days after the filing of the request for arbitration of such Dispute; *provided*, that if they are unable to reach agreement with respect to the arbitrators, then the Debtor and the Secured Party, each shall select one such arbitrator, and the remaining arbitrator shall be chosen within 25 days after the filing of the request for arbitration of such Dispute in accordance with the JAMS appointment rules.



(ii) The arbitration proceedings shall be conducted on an expedited basis in New York, New York. Proceedings in arbitration shall be scheduled to begin no more than 45 days after the filing of the request for arbitration of such Dispute and to conclude no later than 135 days after the filing of such request. All hearings, unless otherwise agreed to by the Debtor and the Secured Party shall be held in New York, New York. The language of the arbitration shall be English.

(iii) The parties to this Agreement who are parties in an arbitration proceeding shall be permitted to obtain and take discovery, including requests for production, interrogatories, requests for admissions and depositions, as provided by the Federal Rules of Civil Procedure; *provided* that the arbitrators shall be permitted, in their discretion, to set parameters on the timing and/or completion of this discovery and to order additional pre-hearing exchange of information, including exchange of summaries of testimony or exchange of statements of positions.

(iv) The arbitration proceedings and all testimony, filings, documents and information relating to or presented during the arbitration proceedings shall be disclosed exclusively for the purpose of facilitating the arbitration process and for no other purpose.

(v) The parties shall each bear all their own costs and expenses, irrespective of which party is the prevailing party in the arbitration.

(vi) The arbitrators shall only be authorized to, and shall only have the consent of the parties to, interpret and apply the terms and provisions of this Agreement in accordance with the laws of the State of New York. The arbitrators shall not be authorized to, and shall not, order any remedy not permitted by this Agreement and shall not change any term or provision of this Agreement, deprive either party of any remedy expressly provided hereunder or provide any right or remedy that has not been expressly provided hereunder. Without limiting the foregoing, the arbitrators shall have the authority to grant injunctive relief and order specific performance.

(vii) The Federal Arbitration Act, 9 U.S.C. Sections 1 through 14 (as amended and including any successor provision), except as modified hereby, shall govern the interpretation and enforcement of this Section 8(i).

(j) **Waiver of Jury Trial.** EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY DISPUTE DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS SHARE ISSUANCE AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF A DISPUTE, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PROVISION.


*[Signature Page Follows]*

EXECUTION VERSION

IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement to be executed and delivered as of the date first written above by their duly authorized representatives.

**THE DEBTOR:**

**FUHU INC.,**  
a California corporation

By:  \_\_\_\_\_  
Daryl Okimoto, Secretary

**AGREED TO AND ACCEPTED:**

**THE SECURED PARTY:**

Boardwalk Capital Holdings Limited

By: \_\_\_\_\_  
Ming Wang, an Authorized Officer

Address:  
Craigmuir Chambers  
P.O. Box 71  
Road Town, Tortola  
British Virgin Islands

IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement to be executed and delivered as of the date first written above by their duly authorized representatives.

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By:   
Ming Wang, an Authorized Officer

Address:  
Craigmuir Chambers  
P.O. Box 71  
Road Town, Tortola  
British Virgin Islands

SCHEDULE A

909 N Sepulveda Blvd, Suite 540  
El Segundo, CA 90245

SCHEDULE B

Bank Information:

Union Bank of California  
Manhattan Beach Village Office #247  
2910 Sepulveda Blvd.  
Manhattan Beach, CA 90266  
(310) 545-2535  
ABA/Routing No. 122000496  
Account No. 2470031444

<b>Application No.</b>	<b>Application Date</b>	<b>Title</b>
61/070,611	3/24/2008	WEBTOP AND MONETIZATION ENGINE, SYSTEM AND METHOD
61/069,777	3/17/2008	A WIDGET PLATFORM, SYSTEM AND METHOD
61/069,775	3/17/2008	SOCIAL BASED SEARCH ENGINE, SYSTEM AND METHOD
61/069,336	3/13/2008	A WIDGETIZED AVATAR AND A METHOD AND SYSTEM OF CREATING AND USING SAME
61/070,769	3/25/2008	SECURITY AND REMOTE SUPPOT APPARATUS, SYSTEM AND METHOD
61/070,942	3/26/2008	HYPERVERSOR AND VIRTUAL MACHINE WARE
61/190,809	9/2/2008	A STABLE ACTIVE X LINUX BASED OPERATING SYSTEM
61/190,810	9/2/2008	A WIDGETIZED AVATAR AND A METHOD AND SYSTEM OF CREATING AND USING SAME
61/100,416	9/26/2008	HYPERVERSOR AND WEBTOP IN A SET TOP BOX ENVIRONMENT

<b>Mark Name</b>	<b>Application No.</b>	<b>Filing Date</b>
SPINLET	77/107,637	2/14/2007
SPINLETS	77/129,654	3/13/2007
URSPIN	77/129,634	3/13/2007
URFOOZ	77/401,650	2/20/2008
URSPIN (LOGO)	77/401,567	2/20/2008
URFOOZ (LOGO)	77/401,611	2/20/2008
KUNGFOOZ	77/402,387	2/21/2008
S (LOGO FOR SPINLETS)	77/402,923	2/21/2008
URSPINTV	77/402,376	2/21/2008
FUHU	77/402,328	2/21/2008
FUHU (LOGO)	77/402,829	2/21/2008
URFOOZ (LOGO)	77/402,938	2/21/2008
KUNGFOOZ (LOGO)	77/430,996	3/25/2008
FOOZ MALL	77/514,227	7/3/2008
FOOZ WORLD	77/514,233	7/3/2008
SPINLETS LAB (LOGO)	77/577,838	9/24/2008
SPINLETS LAB	77/577,780	9/24/2008