

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

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| SUBMISSION TYPE: | NEW ASSIGNMENT | | |
| NATURE OF CONVEYANCE: | Security Agreement | | |
| CONVEYING PARTY DATA | | | |
| Name | Formerly | Execution Date | Entity Type |
| Tackle, Inc. | | 12/18/2008 | CORPORATION: |
| RECEIVING PARTY DATA | | | |
| Name: | Alloy, Inc. | | |
| Street Address: | 151 West 26th Street | | |
| Internal Address: | 11th Floor | | |
| City: | New York | | |
| State/Country: | NEW YORK | | |
| Postal Code: | 10001 | | |
| Entity Type: | CORPORATION: | | |
| PROPERTY NUMBERS Total: 3 | | | |
| Property Type | Number | Word Mark | |
| Registration Number: | 3314434 | TAKKLE | |
| Registration Number: | 3282857 | ONE FIELD | |
| Serial Number: | 77034142 | YOU GAME? | |
| CORRESPONDENCE DATA | | | |
| Fax Number: | (617)542-2241 | | |
| | <i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i> | | |
| Phone: | 617-542-6000 | | |
| Email: | dfcrosby@mintz.com | | |
| Correspondent Name: | David F. Crosby | | |
| Address Line 1: | One Financial Center | | |
| Address Line 2: | Mintz Levin | | |
| Address Line 4: | Boston, MASSACHUSETTS 02111 | | |
| ATTORNEY DOCKET NUMBER: | 17018-828 | | |
| NAME OF SUBMITTER: | David F. Crosby | | |

OP \$90.00 3314434

Signature:

/David F. Crosby/

Date:

12/18/2008

Total Attachments: 19

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SECURITY AGREEMENT

AGREEMENT dated as of December 18, 2008 by **TAKKLE, INC.**, a Delaware corporation with an office located at 245 West 17th Street, 11th Floor, New York, New York 10011 (the "Debtor") in favor of **ALLOY, INC.**, a Delaware corporation with an office located at 151 West 26th Street, 11th Floor, New York, New York 10001 (the "Secured Party").

RECITALS

A. The Secured Party has extended a \$200,000 term loan facility (the "Loan") to the Debtor as evidenced by the \$200,000 Commercial Term Promissory Note of this date (together with any additional promissory notes issued by the Debtor to the Secured Party after the date hereof, the "Notes") from the Debtor to the Secured Party.

B. As collateral security for its obligations under the Notes, pursuant to the terms of this Agreement, the Debtor agrees to grant to the Secured Party a first priority security interest in all of the Debtor's assets.

AGREEMENT

NOW, THEREFORE, in consideration of the extension of the Loan, the mutual covenants herein contained, and other good and valuable consideration, the parties hereto, for themselves, their successors and assigns, agree as follows:

1. Definitions.

1.1 Unless otherwise defined herein, all capitalized terms used herein which are defined in the Notes shall have the meaning ascribed to them therein.

1.2 "Existing Bridge Notes" means the principal and interest outstanding under those certain convertible promissory notes issued pursuant to that certain Note Purchase Agreement dated as of October 23, 2008 by and between the Company and the "Purchasers" named therein, true and complete copies of which have been delivered to the Debtor.

1.3 "Permitted Lien" means (a) liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; (b) non-exclusive licenses or sublicenses for content or trademarks granted to others in the ordinary course of the Debtor's business if such are not otherwise prohibited under this Agreement and do not interfere in any material respect with the business of the Debtor; (c) any right, title or interest of a licensor under a license granted to the Debtor provided that such license or sublicense does not prohibit the grant of the security interest granted hereunder; (d) easements, reservations, rights-of-way, restrictions, minor defects or irregularities in title and other similar liens affecting real property not interfering in any material respect with the ordinary conduct of the business of the Debtor; and (e) liens arising solely by virtue of any statutory or common law

provision relating to banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution.

2. Creation of Security Interest. The Debtor grants, pledges, assigns and transfers to the Secured Party a continuing first priority security interest in the Collateral (as defined below) to secure the payment and performance of the Notes. The security interest granted herein shall continue in full force and effect until full satisfaction of the Obligations (as defined below), whether or not this Agreement is superseded, amended, extended, or renewed.

3. Collateral. The collateral (the "Collateral") of this Agreement shall consist of all of the Debtor's right, title and interest in and to the following:

All of the Debtor's property and fixtures, whether real, personal or intangible, now owned or hereafter acquired, including, but not limited to, all of the following:

1. Accounts;
2. As Extracted Collateral;
3. Chattel Paper;
4. Deposit Accounts;
5. Documents;
6. Equipment;
7. Fixtures;
8. General Intangibles (including without limitation sales contracts);
9. Any Other Goods;
10. Instruments;
11. Inventory;
12. Investment Property;
13. Intellectual Property, as defined herein;
14. Letter-of-Credit Rights;
15. All Supporting Obligations;
16. Books and Records, as defined herein; and
17. All Products and Proceeds of the foregoing.

All terms used in the foregoing which are defined in the New York Uniform Commercial Code (the "UCC") will have the respective meanings given such terms in the UCC.

4. Debtors' Obligations. The Debtor covenants as follows:

4.1. Obligation To Pay. This Agreement acts as security for payment and performance of all obligations of the Debtor under the Notes and this Agreement (the "Obligations").

4.2. Additional Obligations. This Agreement also acts as security for the performance by Debtor of all of the obligations on its part to be performed as set forth in this Agreement.

4.3. Preservation of Collateral. Debtor shall undertake the following obligations to preserve the Collateral:

(a) Debtor shall keep the Collateral in good condition, reasonable wear and tear excepted and shall not waste nor destroy any portion thereof;

(b) Debtor shall maintain insurance in responsible and reputable companies in such amounts and against such risks as is reasonably satisfactory to the Secured Party (including fire, liability, and extended all-risk coverage) and in any event, as is ordinarily carried by similar businesses and in the amount not less than the full replacement value thereof or as the Secured Party shall from time to time reasonably require and in the case of all policies insuring Collateral in which the Secured Party shall have a security interest of any kind, all such policies shall, upon the written request of Secured Party, provide that the proceeds thereof shall be payable to the Secured Party, as loss payee when applicable. Secured Party acknowledges that the insurance maintained by Debtor as of the date hereof, which is set forth on Schedule 4.3(b) hereto, satisfies the requirements described in the preceding sentence and has been "approved" by Secured Party for purposes of Section 6.4 of this Agreement. Copies of all such policies or certificates thereof, including all endorsements, shall, promptly upon written request of Secured Party, be deposited with the Secured Party; and such policies shall, promptly upon written request of Secured Party, contain provisions that no such insurance may be cancelled or decreased without thirty (30) days prior written notice to the Secured Party. In the event of acquisition of additional insurable Collateral, the Debtor shall cause such insurance coverage to be increased or amended in such manner and to such extent as prudent business judgment would dictate. If the Debtor shall at any time or times hereafter fail to obtain and/or maintain any of the policies of insurance required herein, or fail to pay any premium in whole or in part relating to such policies and such failure constitutes an Event of Default, the Secured Party may, but shall not be obligated to, obtain and/or cause to be maintained insurance coverage with respect to the Collateral, including, at the Secured Party's option, the coverage provided by all or any of the policies of the Debtor and pay all or any part of the premium therefor, without waiving any default by the Debtor, and any sums so disbursed by the Secured Party shall be additional loans to the Debtor by the Secured Party payable on demand. So long as no Event of Default has occurred which has not been cured, waived or otherwise remedied in accordance with the Notes or this Agreement the Debtor shall have the right to settle and compromise any and all claims under any of the policies required to be maintained by the Debtor hereunder so long as the proceeds are used to repair and/or restore the damage and as long as the Secured Party holds and disburses the insurance proceeds as escrow agent for such repair and/or restoration. If an Event of Default has occurred which has not been cured, waived or otherwise remedied in accordance with the Notes or this Agreement, the Secured Party shall have the right to settle and compromise any and all claims under any of the policies required to be maintained by the Debtor hereunder and the Debtor hereby appoints, effective solely during the occurrence of such Event of Default which has not been cured, waived or otherwise remedied in accordance with the Notes or this Agreement, the Secured Party as its attorney-in-fact, with power to demand, receive, and receipt of all monies payable thereunder, to execute, in the name of the Debtor or the Secured Party or both, any proof of loss, notice, draft or other instruments in connection with such policies or any loss thereunder and generally to do and perform any and all acts as the Debtor, but for this appointment, might or could perform.

(c) The Collateral shall be kept at the location of the Debtor's office set forth in the first paragraph of this Agreement unless otherwise consented to in writing by the Secured Party.

(d) Debtor shall not sell, exchange, lease, abandon, move, transfer or otherwise dispose of any of the Collateral or any interest therein without the prior written consent of the Secured Party, except in the ordinary course of business or where the Collateral is being exchanged for assets of equivalent or greater value or pursuant to a transaction that results in the full satisfaction of the Obligations prior to the closing of such transaction; and

(e) Debtor shall pay when due all taxes and assessments and other charges that may be levied against or upon the Collateral, except those contested in good faith, and shall satisfy any and all claims or liens other than Permitted Liens that may be assessed or imposed thereon.

4.4. Perfection of Security Interest. The Secured Party will file one or more financing statements, continuation statements or amendments thereto pursuant to the UCC or other notices appropriate under applicable law in form and substance satisfactory to the Secured Party, and the Debtor will pay all filing or recording costs with respect thereto, and all costs of filing or recording this Agreement or any other instrument, agreement or document executed and delivered pursuant hereto (including the cost of all federal, state or local mortgage, documentary, stamp or other taxes), in each case, in all public offices where filing or recording is deemed by the Secured Party or its counsel to be necessary or desirable. Debtor authorizes the Secured Party to take all action (including, without limitation, the filing of any Uniform Commercial Code financing statements or amendments thereto or continuation statements) which the Secured Party may deem necessary or desirable to perfect or otherwise protect the liens and security interests created hereunder and to obtain the benefits of this Agreement.

4.5. Records. Debtor shall at all times maintain complete and accurate books and records including ledgers, records regarding Debtor's assets or liabilities, the Collateral, business operations or financial condition and all computer programs or discs or any equipment containing the information (the "Books and Records") pertaining to the Collateral, including without limitation records as to the existence, purchase price, and whereabouts of all such Collateral. Upon the occurrence and during the continuance of an Event of Default, the Debtor shall permit representatives and independent contractors of the Secured Party (at the expense of the Debtor), to visit and inspect its property, to examine its respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its respective affairs, finances and accounts with its respective directors, officers, and independent public accountants, at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Debtor.

4.6. Additional Covenants.

(a) Debtor shall preserve and maintain its existence in the jurisdiction of its organization. The Debtor shall continue to conduct its business as presently conducted and maintain all requisite licenses.

(b) If any part of the Collateral is a fixture, the Debtors will, on demand, use its reasonable efforts to furnish the Secured Party with a disclaimer or release signed by all persons having an interest in the underlying real estate of any interest in the Collateral which is prior to the Secured Party's interest.

(c) Debtor shall maintain a system of accounting established and administered in accordance with sound business practices to permit the preparation of financial statements in conformity with GAAP. The Debtor shall deliver to the Secured Party, in form and detail reasonably satisfactory to the Secured Party, any such financial statements the Secured Party may reasonably request.

(d) Debtor shall promptly notify the Secured Party of any Event of Default of which it is aware (and in no event later than three (3) calendar days after becoming aware thereof).

(e) Debtor shall comply in all material respects, with all requirements of law of any governmental authority having jurisdiction over it or its business, except (a)(i) such as may be contested in good faith by appropriate proceedings diligently prosecuted, (ii) as to which a bona fide dispute exists, and (iii) for which appropriate reserves have been or will be established on the Debtor's financial statements or (b) where the failure to comply would not reasonably be expected to cause either individually or in the aggregate, a Material Adverse Change, as defined herein. "Material Adverse Change" means any of the following that occur on or after the date hereof: (i) a material impairment in the perfection or priority of the Secured Party's security interest in the Collateral or in the value of such Collateral (taken as a whole); (ii) a material adverse change in the financial condition of the Debtor; or (iii) a material impairment of the prospect of repayment of any portion of the Obligations.

(f) Debtor shall use the proceeds of the Loan only as set forth in Section 14 of the Note first issued on or after the date hereof or as otherwise agreed to in writing by Debtor and Secured Party after the date hereof.

(g) Upon the reasonable written request of the Secured Party, the Debtor shall duly execute and deliver, or cause to be duly executed and delivered to the Secured Party such further instruments and take and cause to be taken such further actions as may be necessary or proper in the reasonable opinion of the Secured Party to carry out more effectually the provisions and purposes of this Agreement and the Notes.

(h) Debtor shall not change its name without giving the Secured Party ninety (90) days prior written notice in which it sets forth its new name and the date on which the new name shall first be used.

(i) Debtor shall not, directly or indirectly, make, create, incur, assume or suffer to exist any lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than Permitted Liens.

(j) Debtor shall not sell, assign or otherwise transfer any of the Collateral except for sales of inventory in the ordinary course of its business or pursuant to a transaction that results in the full satisfaction of the Obligations prior to the closing of such transaction.

(k) Debtor shall not merge or consolidate with any other person or entity other than pursuant to a transaction that results in the full satisfaction of the Obligations prior to the closing of such transaction, or use its property, assets or the Collateral for any non-business use.

(l) Debtor shall not lend or advance money, credit or property to any person or entity, or invest in (by capital contribution, creation of subsidiaries or otherwise), or purchase or repurchase the stock (other than acquisitions of the Debtor's Common Stock by the Debtor pursuant to agreements which permit the Debtor to repurchase such shares at cost (or the lesser of cost or fair market value) upon termination of services to the Company) or indebtedness, or all or a substantial part of the assets or properties of any person or entity, or enter into any exchange of securities with any person or entity (other than conversion of indebtedness into the Debtor's capital stock and conversion of the Debtor's Preferred Stock into Common Stock), or guarantee, assume, endorse or otherwise become responsible for (directly or indirectly or by any instrument having the effect of assuring any person's payment or performance or capability) the indebtedness, performance, obligations, stock or dividends of any person or entity, or agree to do any of the foregoing, except endorsement of negotiable instruments for deposit or collection in the ordinary course of business.

(m) Debtor shall not directly or indirectly purchase, acquire or lease any property from, or sell, transfer or lease any property to, or enter into any other transaction with, any stockholder, affiliate or agent of the Debtor, or any relative thereof, except upon terms and conditions that are commercially reasonable and substantially similar to those that would reasonably be expected to be available on an arm's-length basis with unaffiliated third parties.

(n) Debtor shall not create, incur, assume or suffer to exist, contingently or otherwise, any indebtedness, other than pursuant to the Loan and the Existing Bridge Notes and trade payables and account payables incurred in the ordinary course of business.

(o) Debtor shall not enter into any guaranty of indebtedness of any person or entity.

4.7. Accounts Receivable Warranty. The term "Accounts" as used herein includes, but is not limited to, all accounts, accounts receivable, notes, drafts, letters of credit, acceptances, chattel paper and all other forms of obligations due Debtor however arising in which, at any time or from time to time. The Secured Party has or is intended to have a security interest under or pursuant hereto. As of the time any account debtor shall be deemed to have warranted as to each and all of such accounts that each account and all papers and accounts relating thereto are genuine and in all respects what they purport to be; that each account is valid and existing and arises out of a bona fide lease of goods delivered by Debtor or sale of goods sold and delivered by the Debtor to, or in the process of being delivered to, or out of and for services theretofore, actually rendered by Debtor to the account represented as owing is the correct amount actually and unconditionally owing and, except as set forth on Schedule 4.7, is not disputed, and is not subject to

any set-offs, credits, deductions or counter-charges; that the Debtor is the owner thereof free and clear of all liens, encumbrances and security interests of any nature whatsoever, except for the lien granted herein and Permitted Liens; and that no surety bond was required or given in connection with said account or the contract or purchase orders out of which the same arose.

5. Representations and Warranties. The Debtor represents and warrants as follows:

5.1. The Debtor is a legal entity duly organized, validly existing and in good standing under the laws of the State of Delaware. The Debtor has all requisite corporate power and authority to conduct its business as now conducted or contemplated to be conducted. The Debtor is duly qualified as a foreign entity and in good standing in all states or other jurisdictions where the nature and extent of the business transacted by it or the ownership of assets makes such qualification necessary, except where failure to so qualify would not result in a Material Adverse Change.

5.2. Debtor has full legal power and authority to execute and deliver this Agreement and to perform its obligations hereunder and that this Agreement has been duly executed and delivered by the Debtor and is the legal, valid and binding obligation of the Debtor enforceable against it in accordance with the terms hereof except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and (ii) general principles of equity that restrict the availability of equitable remedies.

5.3. This Agreement creates and grants to the Secured Party, a legal, valid and binding lien in the Collateral identified herein, and such lien is a perfected first priority interest in all such Collateral that can be perfected by the filing of a financing statement. Such Collateral is not subject to any other liens whatsoever other than Permitted Liens.

5.4. Debtor's principal place of business, chief executive office and place where it keeps its records concerning the Collateral is the location of the Debtor's office set forth in the first paragraph of this Agreement.

5.5. There is no pending or, to the Debtor's knowledge, threatened litigation, arbitration, actions or proceedings against or involving the Debtor.

5.6. The Debtor owns no patents or registered copyrights. All material Intellectual Property, as defined hereafter, owned or utilized by the Debtor is valid and, with respect to material trade and service marks, has been duly registered (or is subject to a pending applications for registration) or filed with all appropriate U.S. governmental authorities. To the Knowledge of the Debtor, all such material Intellectual Property constitutes all of the material intellectual property rights which are necessary for the operation of its business; to the knowledge of the Debtor, there is no objection to or pending challenge to the validity of any such Intellectual Properties and the Debtor is not aware of any grounds for any challenge. The Intellectual Property owned by the Debtor has been maintained so as to preserve the value thereof from the date of creation or acquisition thereof, except to the extent that the failure to so maintain such items would not reasonably be expected to cause a Material Adverse Change. For purposes

of this Agreement, "Intellectual Property" shall mean property constituting under any applicable law a patent, patent application, copyright, copyright application, trademark, trademark application, service mark, trade name, mask work, design right, trade secret or license or other right to use any of the foregoing. All of Debtor's trademarks, service marks and domain names are listed on Schedule 5.6.

5.7. The Debtor is not in violation or default of (i) its certificate of incorporation or by-laws, (ii) any material instrument, judgment, order, writ, decree or contract to which it is a party or by which it is bound, or (iii) any provision of any federal or state statute, rule or regulation applicable to it, except for such violations and defaults that are not of a material nature. The execution, delivery and performance of this Agreement, the Notes and the consummation of the transactions contemplated hereby and thereby will not result in any such material violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a material default under such certificate of incorporation or by-laws, provision of any statute, rule or regulation, instrument, judgment, order, writ, decree or contract or an event which results in the creation of any lien, charge or encumbrance upon any material assets of the Debtor other than the security interest created pursuant to this Agreement.

5.8. The Debtor has filed all tax returns and reports as required by law relating to any tax liability of the Debtor. These returns and reports have been properly prepared in all material respects and the Debtor has paid all taxes and other assessments due, except where the validity or amount thereof is being contested in good faith by appropriate proceedings and adequate reserves have been set aside on its books. There are no pending, or to the best knowledge, information and belief of the Debtor, contemplated reviews, audits or proceedings with respect to any tax return, report or other tax liability of the Debtor, which, in either case, relates to any material tax liability of the Debtor.

5.9. The Debtor has in full force and effect fire, casualty and general liability insurance policies with coverage customary for companies in its respective businesses and owning similar properties.

5.10. No written representation, warranty or other statement of the Debtor in this Agreement or in either of the Notes contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in such representation, warranty or other statement not misleading.

6. Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement:

6.1. The Debtor fails to make any payment of principal or interest under either of the Notes when due or fails to perform or observe any other term, covenant or agreement contained in either of the Notes; or

6.2. Any representation or warranty made by Debtor herein or in either of the Notes shall prove to have been incorrect, false or misleading in any material respect when made; or

6.3. Debtor shall fail to perform or observe any other term, covenant or

agreement contained herein on its part to be performed or observed within fifteen (15) days after reasonably detailed written notice of such failure to perform or observe such term, covenant or agreement; or

6.4. There has been a loss, theft, substantial damage or destruction to all of or any material part of the Collateral which loss, damage or destruction is not covered by an insurance policy or policies (minus any deductible amounts) in full force and effect as previously approved by Secured Party, or the making of any levy, seizure or attachment thereof or thereon which is not cured within a period of 30 days; or

6.5. On or after the date of this Agreement, there is a default in any agreement to which the Debtor is a party with a third party or parties evidencing indebtedness of the Debtor resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any such indebtedness; or

6.6. Any material portion of the Debtor's assets is attached, seized, levied on, or comes into possession of a trustee or receiver and the attachment, seizure or levy is not removed in thirty (30) days; (ii) the Debtor is enjoined, restrained, or prevented by court order from conducting its business and such order or restraint is not vacated or removed within 30 days; (iii) a judgment or other claim in excess of \$25,000 becomes a lien on any portion of the Debtor's assets and is not discharged within twenty (20) days thereof; or (iv) a notice of lien, levy, or assessment is filed against the Debtor's assets by any government agency and not paid or contested in good faith by appropriate proceedings (which are diligently pursued by the Debtor) within thirty (30) days after such Debtor's receives notice; or

6.7. The Debtor admits in writing or is otherwise unable to pay its respective debts generally as they become due at any time after receiving the proceeds of the Loan; files a petition to take advantage of any insolvency act; makes an assignment for the benefit of its creditors; commences a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any substantial part of its property; files a petition or answer seeking reorganization or arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America, any state thereof or any foreign country; or

6.8. A court of competent jurisdiction shall enter an order, judgment or decree appointing a custodian, receiver, trustee, liquidator or conservator of the Debtor or of the whole or any substantial part of its respective properties, or approve a petition filed against the Debtor seeking reorganization or arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America, any state thereof or any foreign country; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of the Debtor of the whole or any substantial part either of its properties; or if there is commenced against the Debtor any proceeding for any of the foregoing relief and such proceeding continues for a period of sixty (60) days, whether or not consecutive; or if the Debtor, as applicable, by any act, indicates its consent to or approval of any such proceeding or petition; or

6.9. A judgment for the payment of money in excess of \$50,000 shall be rendered against the Debtor and (i) such judgment is not paid by applicable insurance, and (ii) any such judgment shall remain unsatisfied and in effect for any period of thirty (30) consecutive days without a stay of execution.

Notwithstanding any other provision herein to the contrary, Secured Party shall not exercise any rights or remedies permitted to be exercised by it as a result of an Event of Default described in Sections 6.2 through 6.5 of this Agreement without delivering prior written notice of such Event of Default to the Debtor pursuant to Section 8.1 of this Agreement.

7. Secured Party's Rights and Remedies.

7.1. Exclusive of an Event of Default. Secured Party shall have the following rights and remedies, regardless of whether an Event of Default has occurred under this Agreement:

(a) Upon thirty (30) days prior written notice to the Debtor, at its option, to the extent that the Debtor has not done so itself, Secured Party may discharge taxes, liens (other than Permitted Liens) or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral that is required by this Agreement to be maintained, and may pay for the maintenance and preservation of the Collateral. The Debtor agrees to reimburse Secured Party on demand for any payment made or any reasonable expense incurred by Secured Party pursuant to the foregoing authorization. Until an Event of Default, Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement and not inconsistent with any policy of insurance thereon.

(b) Secured Party may from time to time during business hours inspect the Collateral and, without hindrance or delay, inspect and make extracts from the Books and Records relating to the Collateral.

7.2. Upon an Event of Default. Upon the occurrence and during the continuance of an Event of Default, Secured Party shall have the following rights and remedies, which rights and remedies shall be cumulative and not exclusive of each other:

(a) Secured Party shall have all of the rights and remedies provided in this Agreement, the Notes and all of the rights and remedies available to it as a secured creditor under Article 9 of the Uniform Commercial Code, at law and in equity;

(b) Secured Party may declare the Obligations immediately due and payable and all interest accrued thereon without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything contained herein or in any instrument evidencing the Obligations to the contrary notwithstanding;

(c) Secured Party may require the Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties;

(d) Secured Party may with or without judicial process but in accordance with applicable law, enter upon any premises in which any Collateral may be located and, take possession of the Collateral, and/or sell, or otherwise dispose of any Collateral;

(e) Unless the Collateral is perishable or threatens to decline speedily in value or is a type customarily sold on a recognized market, Secured Party will give Debtor, in accordance with law, notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Secured Party may in its discretion offer the Collateral for public or private sale to a purchaser of the Collateral. The requirements of reasonable notice shall be met if such notice is given to the Debtor as set forth in Section 8.1 at least seven (7) days before the time of the sale or disposition. Nothing in this subsection (d) shall be construed as requiring Secured Party to proceed against any or all of the Collateral before proceeding directly against the Debtor.

(f) If the Collateral consists of Accounts, the Secured Party shall have the right (and the Debtor appoints the Secured Party as attorney-in-fact for the Debtor for this purpose), without prior notice to the Debtor and without resort to legal process, to notify the persons liable for payment of the Accounts of this security interest and direct such persons to make payments directly to the Secured Party, and to perform all acts the Debtor could take to collect on the Accounts, including, but without limitation, the right to notify postal authorities to change the address for delivery, open mail, endorse checks, bring collection suits, and realize upon Collateral securing the Accounts. At the Secured Party's request, all bills and statements sent by the Debtor to the persons liable for payment of the Accounts shall state that they have been assigned to, and are solely payable to, the Secured Party, and the Debtor shall direct persons liable for the payment of the Accounts to pay directly to the Secured Party any sums due or to become due on account thereof.

(g) Debtor shall reimburse Secured Party for its costs and expenses in the preservation and enforcement of its security interest hereunder and the enforcement of its rights and remedies hereunder, including reasonable attorneys' fees and legal expenses. The reasonable expenses of retaking, holding, preparing for sale, selling, or the like shall include Secured Party's reasonable attorneys' fees and legal expenses.

(h) Any waiver by Secured Party of any right or remedy under this Agreement shall be in writing. No waiver by Secured Party of any default shall operate as a waiver of any other default or of the same default on a future occasion.

(i) Secured Party may apply the cash proceeds actually received from any sale or other disposition of Collateral to all reasonable expenses which may be incurred by Secured Party in attempting to collect the Obligations or enforce this Agreement or in the prosecution or defense of any action or proceeding related to this Agreement; and then to the Obligations in such order and as to principal or interest as Secured Party may determine in its sole discretion; and Debtor shall remain liable and will pay Secured Party on demand any deficiency remaining after the application of such cash proceeds, together with interest thereon and the balance of any expenses unpaid, with any surplus to be paid to Debtor, subject to any duty of the Secured Party imposed by law to the holder of any subordinate security interest in the Collateral known to

Secured Party.

(j) Secured Party may appropriate, set off and apply to the payment of the Obligations, any Collateral in or coming into the possession of Secured Party or any affiliates of Secured Party or other insurers or their agents, without notice to Debtor and in such manner as Secured Party may, in its reasonable discretion, determine without regard to the existence or sufficiency of other collateral therefor;

7.3 Power of Attorney as to Security Interests. To effectuate the terms and provisions of Section 7.2 hereof, the Debtor hereby designates and appoints the Secured Party and each of its designees or agents, upon and during the continuance of an Event of Default, as attorney in fact of Debtor, irrevocably and with power of substitution, with authority to: (i) endorse the name of Debtor on any notes, acceptances, checks, drafts, money orders, instruments or other evidences of Collateral that may come into the Secured Party's possession; (ii) sign the name of Debtor on any invoices, documents, drafts against and notices to account borrowers or obligors of Debtor, assignments and requests for verification of accounts; (iii) execute proofs of claim and loss; (iv) execute endorsements, assignments or other instruments of conveyance or transfer with respect to instruments which constitute the Collateral; (v) adjust and compromise any claims under insurance policies or otherwise; (vi) execute releases; (vii) receive, open and dispose of all mail addressed to Debtor and, notify the Post Office authorities to change the address for delivery of mail addressed to Debtor to such address as Secured Party may designate; and (viii) do all other acts and things necessary or advisable in the sole discretion of Secured Party to carry out and enforce this Agreement or the Obligations. All acts done under the foregoing authorization are hereby ratified and approved and neither the Secured Party nor any designee or agent thereof shall be liable for any acts of commission or omission, for any error of judgment or for any mistake of fact or law provided, that Secured Party shall not be relieved of liability to the extent its or its agent's or designee's act, error or mistake constituted gross negligence or willful misconduct. This power of attorney being coupled with an interest is irrevocable while any Obligations shall remain unpaid.

8. General.

8.1. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at following addresses (or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 8.1):

if to the Debtor:

Tackle, Inc.
Attn: President

245 West 17th Street
11th Floor
New York, NY 10011
Fax: (917) 523-7691

if to the Secured Party:

ALLOY, INC.
Attn: CEO
151 West 26th Street
11th Floor,
New York, NY 10001
Fax: (212) 244-4311

8.2. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed as an original, but all of which shall be considered one and the same instrument.

8.3. Gender. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

8.4. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of New York (excluding the laws applicable to conflicts or choice of law).

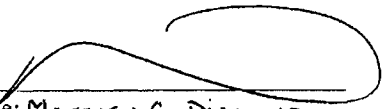
8.5. Jury Trial Waiver THE DEBTOR WAIVES TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION, PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS SECURITY AGREEMENT OR THE FINANCING TRANSACTION OF WHICH THIS SECURITY AGREEMENT IS A PART OR THE DEFENSE OR ENFORCEMENT OF ANY OF THE SECURED PARTY'S RIGHTS AND REMEDIES IN CONNECTION THEREWITH. THE DEBTOR ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH ITS ATTORNEYS.

[signature page follows]

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Agreement as of December 18, 2008.

ALLOY, INC.

TAKKLE, INC.

By 
Name: MATTHEW C. DIAMOND
Title: CHIEF EXECUTIVE OFFICER


By _____
Name:
Title:

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Agreement as of December __, 2008.

ALLOY, INC.

TAKKLE, INC.

By _____
Name:
Title:

By: 
Name: DAVID BIRBAUM
Title: PRESIDENT

Schedule 4.3(b)

Insurance Policies

TAKKLE, INC. - SUMMARY OF POLICES - 2008

| <u>COVERAGE</u> | <u>CARRIER</u> | <u>LIMIT</u> | <u>EFF. DATES</u> |
|----------------------|---------------------------------------|---|--------------------|
| Directors & Officers | Lloyds Syndicate | 1,000,000 | 9/20/07-9/20/08 |
| Commercial Package | U.S. Underwriters | 1,000,000 Occ. 2,000,000 Agg 25,000 BPP | 8/16/07-8/16/08 |
| N.Y. Disability | Zurich American | | 6/26/07-Continuous |
| Errors & Omissions | Illinois Union Ins. Co. | 3,000,000 | 9/20/07-9/20/08 |
| Event Liability | Great American | 1,000,000 | 5/15/07/5/15/08 |
| Workers Compensation | NYS Insurance Fund | | 9/02/07-9/02/08 |
| Umbrella | United States Liability Insurance Co. | 6,000,000 | 8/16/07-8/16/08 |

Schedule 4.3(b) (cont.)

Insurance Policies

TAKKLE, INC. - SUMMARY OF POLICES 2009

| <u>COVERAGE</u> | <u>CARRIER</u> | <u>LIMIT</u> | <u>EFF. DATES</u> |
|----------------------|---------------------------------------|---|-------------------|
| Directors & Officers | Lloyds Syndicate | 1,000,000 | 9/20/08-9/20/09 |
| Commercial Package | U.S. Underwriters | 1,000,000 Occ. 2,000,000 Agg 25,000 BPP | 8/16/08-8/16/09 |
| N.Y. Disability | Zurich American | | 01/01/08-12/31/08 |
| Errors & Omissions | Illinois Union Ins. Co. | 3,000,000 | 9/20/08-9/20/09 |
| Workers Compensation | NYS Insurance Fund | | 9/02/08-9/02/09 |
| Umbrella | United States Liability Insurance Co. | 5,000,000 | 8/16/08-8/16/09 |

Schedule 4.7

Disputed Payables

The Debtor has a single approximately \$11,000 payable from Sports Illustrated related to Reebok that is currently being disputed by Sports Illustrated.

Schedule 5.6

Trademarks/ Service Marks and Domain Names

| Trademark | Serial Number | Filing Date | Registration/ Application Number | Registration/ Application Date | Country/State |
|--------------------|--------------------------------|--------------------|---------------------------------------|--------------------------------------|---------------|
| TAKKLE logo | 78-830189 | 3/6/2006 | Registration number: <u>3314434</u> | Registration date: <u>10/16/2007</u> | United States |
| TAKKLE "You Game" | Application pending with USPTO | 8/27/2007 | Application number: <u>77034142</u> | Application date: <u>2006-11-01</u> | United States |
| TAKKLE "One Field" | 78-855,730 | 4/6/2006 | Registration number: <u>3,282,857</u> | Registration date: <u>8/21/2007</u> | United States |
| Domain Name | Date of Registration | Date of Expiration | | | |
| Tackle.com | 9/8/2005 | 9/8/2011 | | | |