

THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

MADISON AVE. MEDIA, INC.

SECURED CONVERTIBLE PROMISSORY NOTE

July 29, 2011

FOR VALUE RECEIVED, Madison Ave. Media, Inc. a Delaware corporation (the "**Company**") promises to pay to George T. Hawes, an individual ("**Lender**"), or its registered assigns, in lawful money of the United States of America the principal sum equal to the (a) \$500,000 loaned by Lender to the Company to date (in addition to the amount represented by the Convertible Promissory Note dated February 18, 2011 by the Company in favor of Lender (the "**Existing Note**")), plus (b) any additional amounts the Lender may, in its discretion, loan to the Company from time to time prior to the payment in full of all amounts owed under this Note, together with interest from the date of this Secured Convertible Promissory Note (this "**Note**") on the unpaid principal balance of (a) and (b) at a rate equal to 1.5% per month (18% per annum), computed on the basis of the actual number of days elapsed and a year of 365 days. This Note is a demand note, and all unpaid principal, together with any then unpaid and accrued interest and other Obligations, shall be due and payable on the earlier of (i) fifteen (15) days after Lender's delivery to the Company of written demand for repayment of the Note (the "**Maturity Date**"), or (ii) when, upon or after the occurrence of an Event of Default, such amounts are declared due and payable by Lender or made automatically due and payable in accordance with the terms hereof.

The following is a statement of the rights of Lender and the conditions to which this Note is subject, and to which Lender, by the acceptance of this Note, agrees:

1. **Definitions.** As used in this Note, the following capitalized terms have the following meanings:

- (a) "**Common Stock**" shall mean the common stock of the Company.
- (b) "**Company**" includes the corporation initially executing this Note and any Person which shall succeed to or assume the obligations of the Company under this Note.
- (c) "**Event of Default**" has the meaning given in **Section 4** hereof.

(d) "**Lender**" shall mean the Person specified in the introductory paragraph of this Note or any Person who shall at the time shall be the registered holder of this Note.

(e) "**Obligations**" shall mean the unpaid principal amount, accrued but unpaid interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by the Company hereunder and thereunder.

(f) "**Person**" shall mean and include an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

(g) "**Securities Act**" shall mean the Securities Act of 1933, as amended.

(h) "**Security Agreement**" means the Security Agreement of even date herewith between the Company and the Lender.

(i) "**Loan Documents**" shall mean this Note and the Security Agreement.

2. **Interest.** Accrued interest on this Note shall be payable at maturity of the principal amount hereunder.

3. **Prepayment.** This Note may be prepaid at any time without penalty.

4. **Events of Default.** The occurrence of any of the following shall constitute an "**Event of Default**" under this Note and the other Loan Documents:

(a) the insolvency of the Company, the execution by the Company of a general assignment for the benefit of creditors, the filing by or against the Company of a petition in bankruptcy or a petition for relief upon the provisions of the federal bankruptcy act or another state or federal law for the relief of debtors and the continuation of such petition without dismissal for a period of ninety (90) days or more;

(b) the closing of (i) an acquisition of the Company by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation) that results in the transfer of fifty percent (50%) or more of the outstanding voting power of the Company, (ii) a sale of all or substantially all of the assets of the Company by means of a single transaction or a series of related transactions or (iii) the liquidation, termination or dissolution of the Company;

(c) the failure to pay when due and payable (whether at maturity or otherwise) any payment of principal, interest, or expenses due hereunder;

(d) the admission by any party liable hereon, whether as maker, endorser, guarantor, surety, or otherwise, of its inability to pay its debts as they mature, or any assignment for the benefit of the creditors of any of the foregoing parties;

- (e) the appointment of a receiver, trustee or custodian for any party liable hereon, whether as maker, endorser, guarantor, surety, or otherwise, or for any substantial part of the assets of any of the foregoing parties, or the institution of proceedings for the dissolution or the full or partial liquidation of any of the foregoing parties, and such receiver or trustee shall not be discharged within ninety (90) days of its appointment, or such proceedings shall not be discharged within ninety (90) days of their commencement;
- (f) the failure to promptly, punctually and faithfully perform or discharge any liability or obligation of the Company to the Lender;
- (g) the failure of the Company to comply with any terms contained in the Security Agreement;
- (h) the determination by the Lender that any material representation or warranty nor or hereafter made by the Company to the Lender in any document, instrument, agreement or paper was not true or accurate when given; or
- (i) a judgment, decree, writ, warrant of attachment or similar process in an amount equal to or exceeding \$500,000.00 is entered against the Company or any of its assets, if such judgment, decree, writ, warrant of attachment or similar process is not adequately covered by insurance or has not been vacated, discharged, appealed from (with execution or similar process continuously stayed) within fifteen (15) days of such judgment's entry.
- (j) The Company shall default under the Existing Note or the Security Agreement (Chattel Mortgage) dated February 18, 2011 between the Company and Borrower.

5. ***Rights of Lender upon Default.*** Upon the occurrence or existence of any Event of Default (other than an Event of Default described in **Sections 4(a), 4(d) and 4(e)**) and at any time thereafter during the continuance of such Event of Default, Lender may, by written notice to the Company, declare all outstanding Obligations payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding. Upon the occurrence or existence of any Event of Default described in **Sections 4(a), 4(d) and 4(e)**, immediately and without notice, all outstanding Obligations payable by the Company hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding. In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default, Lender may exercise any other right, power or remedy granted to it by the Loan Documents or otherwise permitted to it by law, either by suit in equity or by action at law, or both.

6. *Conversion.*

(a) *Optional Conversion.* All or any portion of the principal amount of, and accrued interest under, this Note shall be convertible at the option of Lender into that number of shares of the Common Stock as is determined by dividing the dollar amount converted by the lesser of (i) \$.02 per share of Common Stock (adjusted to reflect subsequent stock dividends, stock splits, combinations or recapitalizations), and (ii) the lowest price at which the Company issued capital stock to any other person subsequent to the date of this Note and prior to the repayment in full of all of the Obligations (adjusted to reflect subsequent stock dividends, stock splits, combinations or recapitalizations). The Company shall, within three business days of the receipt of a written notice of conversion hereunder issue and deliver to Lender a certificate or certificates for the number of shares of Common Stock to which Lender shall be entitled upon conversion, together with a replacement Note (if any principal amount or interest is not converted) and any other securities and property to which Lender is entitled upon such conversion under the terms of this Note, including a check payable to Lender for any cash amounts payable as described in **Section 6(b)**. The conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of this Note, and the Person or Persons entitled to receive the shares of Common Stock upon such conversion shall be treated for all purposes as the record Lender of such shares of Common Stock as of such date. Following receipt of the shares of Common Stock upon conversion and any required replacement Note, Lender shall surrender this Note, duly endorsed, at the principal office of the Company.

(b) *Fractional Shares; Interest; Effect of Conversion.* No fractional shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional shares to Lender upon the conversion of this Note, the Company shall pay to Lender an amount equal to the product obtained by multiplying the conversion price by the fraction of a share not issued pursuant to the previous sentence. In addition, the Company shall pay to Lender any interest accrued on the amount converted and on the amount to be paid to the Company pursuant to the previous sentence.

7. *Successors and Assigns.* Subject to the restrictions on transfer described in **Sections 9** and **10** below, the rights and obligations of the Company and Lender shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

8. *Waiver and Amendment.* Any provision of this Note may be amended, waived or modified only upon the written consent of the Company and the Lender.

9. *Transfer of this Note or Securities Issuable on Conversion Hereof.* With respect to any offer, sale or other disposition of this Note or securities into which such Note may be converted, Lender will give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of Lender's counsel, or other evidence if reasonably satisfactory to the Company, to the effect that such offer, sale or other distribution may be effected without registration or qualification (under any federal or state law then in effect). Upon receiving such written notice and reasonably satisfactory opinion, if so requested, or other evidence, the Company, as promptly as practicable, shall notify Lender that Lender may sell or otherwise dispose of this Note or such securities, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this **Section 9** that the opinion of counsel for Lender, or other evidence, is not reasonably satisfactory to the Company, the Company shall so notify Lender

promptly after such determination has been made. Each Note thus transferred and each certificate representing the securities thus transferred shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with the Securities Act, unless in the opinion of counsel for the Lender such legend is not required in order to ensure compliance with the Securities Act. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions. Subject to the foregoing transfers of this Note shall be registered upon registration books maintained for such purpose by or on behalf of the Company, Prior to presentation of this Note for registration of transfer, the Company shall treat the registered holder hereof as the owner and holder of this Note for the purpose of receiving all payments of principal and interest hereon and for all other purposes whatsoever, whether or not this Note shall be overdue and the Company shall not be affected by notice to the contrary.

10. *Covenants.* The Company hereby covenants to Lender as follows:

(a) *Preservation of Corporate Existence; Change in Business.* The Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the rights (charter and statutory) and franchises of the Company and will not make any change to the Company's business as presently conducted without the prior written consent of the Lender.

(b) *Limitation on Indebtedness.* Other than (1) accounts payable to vendors and similar obligations of the Company incurred in the ordinary course of the Company's business consistent with past practices and (b) unsecured indebtedness of the Company that is subordinated to the obligations of the Company set forth in this Note on terms that are reasonably satisfactory to Lender, the Company shall not, without the prior written consent of Lender, create or issue any promissory notes *pari passu* or senior in any respect to this Note after the date hereof.

(c) *Warrants.*

(1) Upon issuance of this Note, the Company shall issue to the Lender warrants to purchase 10,000,000 shares of Common Stock (subject to adjustment for stock splits, reverse stock splits and similar transactions) at an exercise price of \$0.02 per share (subject to adjustment for stock splits, reverse stock splits and similar transactions) during a five-year term (the "**Warrant**"). The Warrants shall include a net exercise provision, full ratchet antidilution provisions with respect to the exercise price (reducing the exercise price to the purchase price of any subsequent issuance below \$.02 per share), and otherwise be in a form approved by the Lender.

(2) With respect to the each additional \$500,000 loaned by Lender to the Company after the date hereof and prior to payment in full of all amounts owed under the Note, the Company shall issue to Lender an additional Warrant with the same terms and conditions as the Warrant described Section 10(c)(1) above.

11. *Assignment by the Company.* Neither this Note nor any of the rights, interests or obligations hereunder may be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of the Lender.

12. **Notices.** All notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall in writing and faxed, mailed or delivered to each party at the respective addresses of the parties as set forth in the Security Agreement, or at such other address or facsimile number as the Company shall have furnished to Lender in writing. All such notices and communications will be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one business day after being delivered by facsimile (with receipt of appropriate confirmation), (iv) one business day after being deposited with an overnight courier service of recognized standing or (v) four days after being deposited in the U.S. mail, first class with postage prepaid.

13. **Payment.** Payment shall be made in lawful tender of the United States.

14. **Security.** This Note is secured by the Collateral identified in the Security Agreement.

15. **Default Rate; Usury.** During any period in which an Event of Default has occurred and is continuing, the Company shall pay interest on the unpaid principal balance hereof at a rate per annum equal to the rate otherwise applicable hereunder plus five percent (5%). In the event any interest is paid on this Note which is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Note.

16. **Waivers.** The Company hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument.

17. **CHOICE OF LAW.** THIS NOTE WAS NEGOTIATED IN THE STATE OF NEW YORK AND DELIVERED TO LENDER IN THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND THE UNDERLYING TRANSACTIONS EMBODIED HEREBY. IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, PERFORMANCE OF THIS NOTE AND THE OBLIGATIONS ARISING HEREUNDER, THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES. LENDER WOULD NOT HAVE MADE THE LOAN OR ENTERED INTO OR ACCEPTED THIS NOTE OR ANY OTHER LOAN DOCUMENTS BUT FOR THE FOREGOING STIPULATION AND AGREEMENT AS TO THE CHOICE OF NEW YORK LAW TO GOVERN THIS NOTE. IF, NOTWITHSTANDING THIS SECTION, AT ANY TIME THE LAW OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK IS DETERMINED TO BE APPLICABLE TO THIS NOTE, THEN TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE COMPANY EXPRESSLY WAIVES ANY AND ALL BENEFITS OF THE LAW AND RULES OF SUCH JURISDICTION THAT CONFLICT WITH ANY PROVISION OF THIS NOTE AND TO THE EXTENT THAT THE SAME ARE APPLICABLE.

18. **WAIVER OF JURY TRIAL.** EACH OF THE COMPANY AND LENDER HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS NOTE, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED UPON CONTRACT, TORT OR ANY OTHER THEORY). EACH OF THE COMPANY AND LENDER (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 LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS NOTE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

19. **WAIVER OF SPECIAL DAMAGES.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE COMPANY SHALL NOT ASSERT, AND HEREBY WAIVES, ANY CLAIM AGAINST LENDER, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS NOTE OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY, THE TRANSACTIONS, THE LOAN OR THE USE OF THE PROCEEDS THEREOF.

20. **MISCELLANEOUS WAIVERS.** WITH RESPECT TO ANY LEGAL ACTION RELATING TO THIS NOTE, THE COMPANY IRREVOCABLY (A) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS HAVING JURISDICTION IN THE CITY OF NEW YORK, NEW YORK, AND (B) WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY LEGAL ACTION BROUGHT IN ANY SUCH COURT, WAIVES ANY CLAIM THAT ANY LEGAL ACTION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND FURTHER WAIVES THE RIGHT TO OBJECT, WITH RESPECT TO SUCH LEGAL ACTION, THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER SUCH PARTY. NOTHING IN THIS NOTE SHALL PRECLUDE LENDER FROM BRINGING A LEGAL ACTION IN ANY OTHER JURISDICTION NOR WILL THE BRINGING OF A LEGAL ACTION IN ANY ONE OR MORE JURISDICTIONS PRECLUDE THE BRINGING OF A LEGAL ACTION IN ANY OTHER JURISDICTION. THE COMPANY FURTHER AGREES AND CONSENTS THAT, IN ADDITION TO ANY METHODS OF SERVICE OF PROCESS PROVIDED FOR UNDER APPLICABLE LAW, ALL SERVICE OF PROCESS IN ANY LEGAL ACTION IN ANY NEW YORK STATE OR UNITED STATES COURT SITTING IN THE CITY OF NEW YORK MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE COMPANY AT THE ADDRESS INDICATED IN SECTION 22(a) OF THE SECURITY AGREEMENT, AND SERVICE SO MADE SHALL BE COMPLETE UPON RECEIPT; EXCEPT THAT IF THE COMPANY SHALL REFUSE TO ACCEPT DELIVERY, SERVICE SHALL BE DEEMED COMPLETE THREE (3) DAYS AFTER THE SAME SHALL HAVE BEEN SO MAILED.

The Company has caused this Secured Convertible Promissory Note to be issued as of the date first written above.

MADISON AVE MEDIA, INC.
a Delaware corporation

By: _____

Name: _____

Title: _____

8/1/11