

ALLOY, INC.

AMENDED AND RESTATED CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER

Adopted as of April 19, 2006

A. PURPOSE

The purpose of the Corporate Governance and Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of Alloy, Inc. (the “Company”) is to:

1. To assist the Board by identifying persons qualified to become members of the Board, consistent with criteria established by the Committee and approved by the Board, and recommend to the Board the persons to be nominated for election as directors at any meeting of stockholders or the Board;
2. To oversee the evaluation of the Board and management;
3. To recommend to the Board director nominees for each Board committee; and
4. To develop and recommend to the Board corporate governance guidelines applicable to the Company.

B. STRUCTURE AND MEMBERSHIP

1. Number. The Committee shall consist of such number of directors as the Board shall from time to time determine, but in no event less than two.
2. Independence. Except as otherwise permitted by the applicable rules of The Nasdaq Stock Market, Inc. in effect from time to time, each member of the Committee shall be an “independent director” as defined by such rules.
3. Chairperson. Unless the Board elects a Chairperson of the Committee (the “Chairperson”), the Committee shall elect a Chairperson by majority vote. The Chairperson shall determine the agenda for and the length of meetings and shall have unlimited access to management and to information relating to the Committee’s purposes. The Chairperson shall establish such other rules as may from time to time be necessary and proper for the conduct of the business of the Committee.
4. Selection and Removal. The Board shall appoint members of the Committee by majority vote. The Board may remove members of the Committee from such Committee, with or without cause by majority vote. Any Committee member may resign effective upon giving written notice to the Chairman of the Board, the

President, the Secretary of the Corporation, or the Board at a meeting of the Board. The Board may elect a successor to assume the available position on the Committee when the resignation becomes effective.

C. PROCEDURES AND ADMINISTRATION

1. Meetings. The Committee shall meet as often as it deems necessary in order to perform its responsibilities but in no event shall the Committee meet less than once per year. The Committee shall keep such records of its meetings as it shall deem appropriate. All Committee members are expected to attend each meeting, in person or via tele- conference.
2. Reports to the Board. The Committee shall report regularly to the Board. All minutes of Committee meetings shall be made available to the Board for review. In addition to specific matters set forth herein requiring reports by the Committee to the Board, the Committee shall report such other significant matters as it deems necessary concerning its activities to the Board. The Committee may appoint a Secretary whose duties and responsibilities shall be to keep records of the proceedings of the Committee for the purposes of reporting Committee activities to the Board and to perform all other duties as may from time to time be assigned to him or her by the Committee, including assistance in preparing the agenda for Committee meetings, or otherwise at the direction of a Committee member. The Secretary need not be a member of the Committee or a Director and shall have no membership or voting rights by virtue of position.
3. Charter. The Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
4. Resources and Independent Advisors. The Committee shall have the authority to use reasonable amounts of time of the Company's internal staff and to engage independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities, with such advisors reporting directly to the Committee Chairman. Such independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Committee.
5. Delegation. The Committee may, by resolution passed by a majority of the Committee members, designate one or more subcommittees, each subcommittee to consist of one or more members of the Committee. Any such subcommittee, to the extent provided in the resolutions of the Committee and to the extent not limited by applicable law, shall have and may exercise all the powers and authority of the Committee. Each subcommittee shall have such name as may be determined from time to time by resolution adopted by the Committee. Each

subcommittee shall keep regular minutes of its meetings and report the same to the Committee or the Board when required.

6. Investigations. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.

D. **AUTHORITY AND RESPONSIBILITIES**

1. General

The Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management, in accordance with its business judgment, and to the extent permitted by applicable law.

2. Board and Committee Membership

- a. Composition of the Board. The Committee shall be responsible for reviewing the appropriate size, function and needs of the Board, developing the Board's policy involving tenure and retirement of directors and establishing specific criteria for evaluating and selecting new Board members, subject to Board approval thereof.
- b. Selection of Director Nominees. Except where the Company is legally required by contract, law or otherwise, to provide third parties with the ability to nominate directors, the Committee shall be responsible for recommending to the Board the persons to be nominated for election as directors, including any candidates recommended by management, stockholders or the Board as a whole. The Committee shall conduct appropriate inquiries into the background and qualifications of possible candidates. The Committee shall review the independence and potential conflicts of interest of prospective directors.
- c. Criteria for Selecting Directors. The Committee shall use the criteria established by the Committee to guide its director selection process. At a minimum, nominees for service on the Board must meet the threshold requirements set forth in the *Nominating and Governance Committee Policy Regarding Qualifications of Directors* attached as Appendix A hereto. The Committee shall be responsible for reviewing with the Board the requisite skills and criteria for new Board members, as well as the membership of the Board as a whole and the Board committees, to ensure that the proper skills and experiences are represented on the Board and such committees and that the composition of the Board and such committees satisfies all applicable laws, rules, regulations and listing standards. The Committee shall consider

bona fide candidates recommended by the shareholders for nomination for election to the Board in accordance with the *Procedures for Shareholders Submitting Nominating Recommendations of Candidates for Election of Directors* attached hereto as Appendix B. The Committee will consider such candidates in accordance with the policies set forth in the *Policy on Shareholder Recommendation of Candidates for Election of Directors* attached hereto as Appendix C.

- d. Search Firms. The Committee shall have the authority to retain and terminate any search firm to be used to identify director nominees, including authority to approve the search firm's fees and other retention terms. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of any search firm engaged by the Committee.
- e. Selection of Committee Members. The Committee shall be responsible for recommending to the Board members of Board committees and appointment of committee chairs. The Committee shall also be responsible for the termination of membership of individual directors in accordance with the Board of Directors' governance principles, for cause or for other appropriate reasons.

3. Corporate Governance

- a. Policies and Practices. The Committee shall monitor and make recommendations to the Board on other matters or Board policies and practices relating to corporate governance;
- b. Stockholder Proposals. The Committee shall review and make recommendations to the Board regarding proposals of stockholders that relate to corporate governance.
- c. Code of Conduct. The Committee shall develop, adopt and oversee the implementation of a Code of Business Conduct and Ethics for all directors, executive officers and employees of the Company.
- d. Independence. Review and maintain oversight of matters relating to the independence of Board and committee members, keeping in mind the independence standards of the Sarbanes-Oxley Act of 2002 and the rules of The Nasdaq Stock Market, Inc.

4. Additional Responsibilities

- a. The Committee shall oversee and assess the effectiveness of the relationship between the Board and Company management.

- b. The Committee shall make reports to the Board concerning its activities as it deems appropriate or necessary.
- c. The Committee shall annually evaluate its own performance.
- d. The Committee shall have such other duties and responsibilities as may be delegated from time to time by the Board.

APPENDIX A

Nominating and Governance Committee Policy Regarding Qualifications of Directors

The Nominating and Governance Committee (the “Committee”) of Alloy, Inc. (the “Company”) believes that members of the Company’s Board of Directors (the “Board”) must possess certain basic personal and professional qualities in order to properly discharge their fiduciary duties to shareholders, provide effective oversight of the management of the Company and monitor the Company’s adherence to principles of sound corporate governance. It is therefore the policy of the Committee that all persons nominated to serve as a director of the Company should possess the minimum qualifications described in this Policy. These are only threshold criteria, however, and the Committee will also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate’s credentials, experience and expertise, the composition of the board at the time, and other relevant circumstances. The Committee may modify this Policy from time to time.

1. Integrity and Ethical Values. Candidates should possess the highest personal and professional standards of integrity and ethical values.
2. Commitment. Candidates must be committed to promoting and enhancing the long-term value of the Company for its shareholders.
3. Absence of Conflicts of Interest. Candidates should not have any interests that would materially impair their ability to (i) exercise independent judgment, or (ii) otherwise discharge the fiduciary duties owed as a director to the Company and its shareholders.
4. Fair and Equal Representation. Candidates must be able to represent fairly and equally all shareholders of the Company without favoring or advancing any particular shareholder or other constituency of the Company.
5. Achievement. Candidates must have demonstrated achievement in one or more fields of business, professional, governmental, community, scientific or educational endeavor, and possess mature and objective business judgment and expertise.
6. Oversight. Candidates are expected to have sound judgment, derived from management or policy-making experience (which may be as an advisor or consultant), that demonstrates an ability to function effectively in an oversight role.

7. Business Understanding. Candidates must have a general appreciation regarding major issues facing public companies of a size and operational scope similar to the Company. These include:
 - contemporary governance concerns;
 - regulatory obligations of a public issuer;
 - strategic business planning;
 - competition in a global economy; and
 - basic concepts of corporate accounting and finance.
8. Available Time. Candidates must have, and be prepared to devote, adequate time to the Board and its committees. It is expected that each candidate will be able to arrange their business and professional commitments, including service on the boards of other companies and organizations, so that they are available to attend the meetings of the Company's Board and any committees on which they serve, as well as the Company's annual meeting of shareholders.
9. Board Policies. The candidate's election must not conflict with any applicable Board policies.
10. Limited Exceptions. Under exceptional and limited circumstances, the Committee may approve the candidacy of a nominee who does not satisfy all of these requirements if it believes the service of such nominee is in the best interests of the Company and its shareholders.
11. Additional Qualifications. In approving candidates for election as director, the Committee will also assure that:
 - at least a majority of the directors serving at any time on the Board are independent, as defined under the rules of The Nasdaq Stock Market, Inc.;
 - at least three of the directors satisfy the financial literacy requirements required for service on the audit committee under the rules of The Nasdaq Stock Market, Inc.;
 - at least one of the directors qualifies as an audit committee financial expert under the rules of the Securities and Exchange Commission; and
 - the independent directors should have general familiarity with an industry or industries in which the Company conducts a substantial portion of its business or in related industries.

APPENDIX B

Procedures for Shareholders Submitting Nominating Recommendations of Candidates for Election as Directors

It is the policy of Alloy, Inc. (the “Company”) that the Nominating and Governance Committee (the “Committee”) of the Board of Directors (the “Board”) consider recommendations for the nomination of directors submitted by holders of the Company’s shares entitled to vote generally in the election of directors. The Committee has adopted the following procedures for Company shareholders to submit recommendations for nomination to the Board. The Committee may amend these procedures from time to time.

1. Security Holders Entitled to Make Submissions. The Committee will accept for consideration submissions of recommendations for the nomination of directors from shareholders who meet the minimum percentage ownership requirements that the Board may establish from time to time. Submissions of such recommendations must comply with the requirements set forth below. Acceptance of a recommendation for consideration does not imply that the Committee will nominate the recommended candidate.
2. Manner and Address for Submission. All shareholder nominating recommendations must be in writing, addressed to the Committee care of the Company’s corporate secretary at the Company’s principal offices. Submissions must be made by mail, courier or personal delivery. E-mailed submissions will not be considered.
3. Information Concerning the Recommending Shareholders. A nominating recommendation must be accompanied by the following information concerning each recommending shareholder:
 - The name and address, including telephone number, of the recommending shareholder;
 - The number of the Company’s shares owned by the recommending shareholder and the time period for which such shares have been held;
 - If the recommending shareholder is not a shareholder of record, a statement from the record holder of the shares (usually a broker or bank) verifying the holdings of the shareholder and a statement from the recommending shareholder of the length of time that the shares have been held. Alternatively, the shareholder may furnish a current Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 filed with the Securities and Exchange Commission reflecting the holdings of the shareholder, together with a statement of the length of time that the shares have been held; and
 - A statement from the shareholder as to whether the shareholder has a good faith intention to continue to hold the reported shares through the date of the Company’s next annual meeting of shareholders.

4. Information Concerning the Proposed Nominee. A nominating recommendation must be accompanied by the following information concerning the proposed nominee:
 - the information required by Item 401 of Regulation S-K (generally providing for disclosure of the name, address, and business experience for the past five years of the proposed nominee, as well as information regarding certain types of legal proceedings within the past five years involving the nominee);
 - the information required by Item 403 of Regulation S-K (generally providing for disclosure regarding the proposed nominee's ownership of securities of the Company); and
 - the information required by Item 404 of Regulation S-K (generally providing for disclosure of transactions between the Company and the proposed nominee valued in excess of \$60,000 and certain other types of business relationships with the Company).
5. Relationships Between the Proposed Nominee and the Recommending Shareholder. The nominating recommendation must describe all relationships between the proposed nominee and the recommending shareholder, and any agreements or understandings regarding the nomination, including those between the recommending shareholder and the nominee.
6. Other Relationships of the Proposed Nominee. The nominating recommendation shall describe all relationships between the proposed nominee and any of the Company's competitors, customers, suppliers, labor unions or other persons with special interests regarding the Company.
7. Qualifications of the Proposed Nominee. The recommending shareholder must furnish a statement supporting its view that the proposed nominee possesses the minimum qualifications prescribed by the Committee for nominees, and briefly describing the contributions that the nominee would be expected to make to the board and to the governance of the Company.
8. Ability to Represent All Shareholders. The recommending shareholder must state whether, in the view of the shareholder, the nominee, if elected, would represent all shareholders and not serve for the purpose of advancing or favoring the interest of any particular shareholder or other constituency of the Company.
9. Consent to be interviewed by the Committee and, if nominated and elected, to serve. The nominating recommendation must be accompanied by the written consent of the proposed nominee to: (a) be considered by the Committee and interviewed if the Committee chooses to do so in its discretion, and (b) if nominated and elected, to serve as a director of the Company. The recommending

shareholder must furnish the proposed nominee's contact information for this purpose.

10. Timing for Submissions Regarding Nominees for Election at Annual Meetings. A shareholder or an affiliated group of shareholders wishing to submit a nominating recommendation for an annual meeting of shareholders must ensure that it is received by the Company, as provided above, not later than the close of business on the 45th day nor earlier than the close of business on the 75th calendar day prior to the first anniversary of the mailing date of the proxy statement for the prior annual meeting of shareholders. In the event that the date of the annual meeting of shareholders for the current year is more than 30 days before or more than 60 days following the first anniversary date of the annual meeting of shareholders for the prior year, or if an annual meeting was not held in the preceding year, the submission of a recommendation will be considered timely if it is submitted by the later of (i) the close of business on the 90th day prior to the date of the annual meeting of shareholders for the current year or (ii) the close of business on the 10th day following the day on which public announcement of the date of such annual meeting of shareholders is first made by the Company.
11. Shareholder Groups. If a recommendation is submitted by a group of two or more shareholders, the information regarding recommending shareholders set forth in paragraph three above must be submitted with respect to each shareholder in the group.
12. All recommendations submitted by shareholders will be considered in the same manner and under the same process as any other recommendations submitted from other sources.
13. The Policy and Procedures may be revised or revoked by the Board or the Committee at any time.

APPENDIX C

Policy on Shareholder Recommendation of Candidates for Election as Directors

1. It is the policy of Alloy, Inc. (the “Company”) that the Corporate Governance and Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) consider recommendations for the nomination of directors submitted by holders of the Company’s shares entitled to vote generally in the election of directors.

2. In order for the recommendation of a security holder to be considered under this Policy, the recommending shareholder or group of shareholders must have held at least five percent (5%) of the Company’s voting common stock for at least one year as of the date the recommendation was made.

3. For each annual meeting of shareholders, the Committee will accept for consideration only one recommendation from any shareholder or affiliated group of shareholders. An affiliated group of shareholders means shareholders constituting a group under Regulation 13D.

4. The Committee will also consider the extent to which the shareholder making the nominating recommendation intends to maintain its ownership interest in the Company.

5. The Committee will only consider recommendations of nominees who satisfy the minimum qualifications prescribed by the Committee for board candidates, including that a director must represent the interests of all shareholders and not serve for the purpose of favoring or advancing the interests of any particular shareholder group or other constituency.

6. Only those recommendations whose submission complies with the procedural requirements adopted by the Committee will be considered by the Committee.

7. All recommendations submitted by shareholders will be considered in the same manner and under the same process as any other recommendations submitted from other sources.

8. The Committee will select candidates to be recommended for nomination to the Board according to the above requirements and qualification criteria established by the Committee. The Committee is under no obligation to recommend a candidate for nomination.

9. This Policy may revised or revoked by the Board or the Committee at any time.